



**NEWCASTLE MUNICIPALITY**  
Annual financial statements  
for the year ended 30 June 2012

# Newcastle Municipality

Annual Financial Statements for the year ended 30 June 2012

## General Information

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### Councillors

Cllr AF Rehman - Mayor  
Cllr RN Mdiuli - Deputy Mayor  
Cllr MF Zikhali - Speaker  
Cllr TZ Hadebe - EXCO Member  
Cllr NP Kunene - EXCO Member  
Cllr SBM Lukhele - EXCO Member  
Cllr RB Ndima - EXCO Member  
Cllr BS Ntombela - EXCO Member  
Cllr M Shunmugam - EXCO Member  
Cllr JA Vorster - EXCO Member  
Cllr VV Bam  
Cllr MM Bhekiswayo  
Cllr VV MV Buhali  
Cllr DRF Buthelezi  
Cllr SSE Buthelezi  
Cllr EJC Cronje  
Cllr JME Damons  
Cllr CL Dube  
Cllr DX Dube  
Cllr JK Gabuza  
Cllr FP Gama  
Cllr TS Hlabisa  
Cllr MME Hlatshwayo  
Cllr SB Hlatshwayo  
Cllr I Keeka  
Cllr LG Khoza  
Cllr CB Kubheka  
Cllr S Kubheka  
Cllr HS Madonsela  
Cllr HT Malindi  
Cllr NS Matthews  
Cllr MP Mazibuko  
Cllr JS Mbatha  
Cllr ZJ Mbatha  
Cllr MN Mbokazi  
Cllr MO Mdhloso  
Cllr CN Mkhize  
Cllr HN Mkhwanazi  
Cllr MG Mlangeni  
Cllr MS Mlangeni  
Cllr GA Mncube - MPAC Chairman  
Cllr NA Msibi  
Cllr SG Ndlovu  
Cllr ME Ngcobo  
Cllr NJ Ngobese  
Cllr CL Nhlapho  
Cllr DJZ Nkosi  
Cllr NT Ntshangase  
Cllr EM Nyembe

# Newcastle Municipality

Annual Financial Statements for the year ended 30 June 2012

## General Information

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	Cllr TM Nzuze Cllr DO Shabalala Cllr DM Sibitwane Cllr SM Thwala Cllr DE Tshabalala Cllr SJ Zulu Cllr TM Zulu Cllr EM Zungu Cllr ME Zwane Cllr MM Zwane Cllr NA Zwane
Grading of local authority	7
Accounting Officer	Mr K Masange
Chief Finance Officer (CFO)	Mr M Mayisela
Registered office	27 Murchison Street Newcastle 2940
Business address	27 Murchison Street Newcastle 2940
Postal address	Private Bag x O Box 6621 Newcastle 2940
Bankers	First national Bank
Auditors	Auditor-General

# Newcastle Municipality

Annual Financial Statements for the year ended 30 June 2012

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The reports and statements set out below comprise the annual financial statements presented to the Council.:

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## Newcastle Municipality

Annual Financial Statements for the year ended 30 June 2012

### Accounting Officer's Responsibilities and Approval

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The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

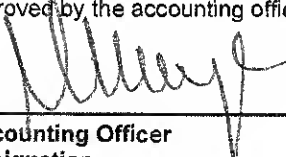
The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2013 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on page 10 to 55 which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2012 and were signed on its behalf by:

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Accounting Officer  
Designation

# Newcastle Municipality

Annual Financial Statements for the year ended 30 June 2012

## Statement of Financial Position

Figures in Rand	Note(s)	2012	2011 Restated
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	11	432 295 517	381 527 757
Inventories	7	7 147 616	5 977 810
Other financial assets	6	6 020 650	4 435 884
Trade and other receivables from exchange transactions	8	47 141 281	35 842 564
VAT receivable	9	2 320 461	16 822 449
Consumer debtors	10	362 506 833	79 841 845
		<b>857 432 358</b>	<b>524 448 309</b>
<b>Non-Current Assets</b>			
Investment property	2	150 706 493	176 607 900
Property, plant and equipment	3	1 333 766 525	1 352 843 927
Intangible assets	4	637 531	700 516
Investments in associates	5	982 936 283	980 845 685
Other financial assets	6	-	2 130 433
		<b>2 468 046 832</b>	<b>2 513 128 461</b>
<b>Total Assets</b>		<b>3 325 479 190</b>	<b>3 037 576 770</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Current portion of long term loans	12	8 253 375	9 219 495
Finance lease obligation - current portion	13	187 533	-
Trade and other payables from exchange transactions	17	129 062 618	60 986 348
Consumer deposits	18	8 582 232	9 983 442
Unspent conditional grants and receipts	14	78 695 500	30 306 940
Defined benefit plan obligations - current portion	15	3 586 843	5 322 830
		<b>228 367 901</b>	<b>115 819 053</b>
<b>Non-Current Liabilities</b>			
Long term loans	12	80 196 100	50 047 921
Finance lease obligation	13	198 001	-
Defined benefit plan obligations	15	77 822 236	68 960 000
Non-current provision for landfill site	16	22 494 322	50 765 425
		<b>160 710 659</b>	<b>169 773 346</b>
<b>Total Liabilities</b>		<b>389 078 560</b>	<b>285 592 399</b>
<b>Net Assets</b>		<b>2 936 400 630</b>	<b>2 751 984 371</b>
<b>Net Assets</b>			
Reserves			
Housing Development Fund		24 885 398	23 853 127
Insurance reserve		6 454 794	6 403 575
Accumulated surplus		2 905 060 438	2 721 727 669
<b>Total Net Assets</b>		<b>2 936 400 630</b>	<b>2 751 984 371</b>

# Newcastle Municipality

Annual Financial Statements for the year ended 30 June 2012

## Statement of Financial Performance

Figures in Rand	Note(s)	2012	2011 Restated
<b>Revenue</b>			
Property rates	20	157 893 000	152 386 672
Service charges	21	683 860 407	605 753 920
Rental of facilities and equipment		5 703 174	2 652 370
Fines		1 572 104	2 871 966
Government grants and subsidies	22	353 567 493	324 241 493
Other income		803 643	1 028 852
Sundry Sales		692 338	802 431
Fees		5 029 420	3 236 732
Doubtful debts provision adjustment		137 038 490	-
Landfill site provision adjustment		50 765 425	-
Interest received - investment		23 125 136	25 090 778
<b>Total Revenue</b>		<b>1 420 050 630</b>	<b>1 118 065 214</b>
<b>Expenditure</b>			
Employee related costs	24	230 600 985	189 471 533
Remuneration of councillors	25	16 193 188	14 785 604
Depreciation and amortisation		219 845 295	221 238 027
Impairment loss		334 838	-
Finance costs		8 650 041	5 866 998
Debt impairment		-	174 138 888
Collection costs		8 534 242	10 140 072
Repairs and maintenance		71 410 980	67 302 747
Bulk purchases	30	349 411 144	283 223 432
Contracted services	29	17 530 983	12 229 229
General Expenses	23	152 656 453	173 207 122
<b>Total Expenditure</b>		<b>1 073 168 147</b>	<b>1 151 599 652</b>
Share of deficit of an associate	5	(112 405 248)	(90 008 926)
Fair value adjustments		(44 861 882)	10 608 221
<b>Surplus (deficit) for the year</b>		<b>189 615 373</b>	<b>(112 937 143)</b>

# Newcastle Municipality

Annual Financial Statements for the year ended 30 June 2012

## Statement of Changes in Net Assets

Figures in Rand	Housing Development Fund	Insurance reserve	Total reserves	Accumulated surplus	Total net assets
<b>Balance at 01 July 2010</b>	<b>21 564 085</b>	<b>-</b>	<b>21 564 085</b>	<b>2 533 605 481</b>	<b>2 555 169 566</b>
Changes in net assets					
Prior year adjustment	-	-	-	22 579 706	22 579 706
Correction of prior period error	-	-	-	460 050 686	460 050 686
Correction of error (refer note 19)	-	-	-	(181 571 061)	(181 571 061)
Transfer to Self Insurance Reserve	-	6 403 575	6 403 575	-	6 403 575
Transfer to Housing Development Fund	2 289 042	-	2 289 042	-	2 289 042
Net income (losses) recognised directly in net assets	2 289 042	6 403 575	8 692 617	301 059 331	309 751 948
Deficit for the year (restated)	-	-	-	(112 937 143)	(112 937 143)
Total recognised income and expenses for the year	2 289 042	6 403 575	8 692 617	188 122 188	196 814 805
Total changes	2 289 042	6 403 575	8 692 617	188 122 188	196 814 805
<b>Balance at 01 July 2011 - Restated</b>	<b>23 853 127</b>	<b>6 403 575</b>	<b>30 256 702</b>	<b>2 721 727 669</b>	<b>2 751 984 371</b>
Changes in net assets					
Transfer to Insurance reserve	-	51 219	51 219	-	51 219
Transfer to Housing development fund	1 032 271	-	1 032 271	-	1 032 271
Net income (losses) recognised directly in net assets	1 032 271	51 219	1 083 490	-	1 083 490
Surplus for the year	-	-	-	189 615 373	189 615 373
Total recognised income and expenses for the year	1 032 271	51 219	1 083 490	189 615 373	190 698 863
Other Adjustments	-	-	-	(6 282 604)	(8 282 604)
Total changes	1 032 271	51 219	1 083 490	183 332 769	184 416 259
<b>Balance at 30 June 2012</b>	<b>24 885 398</b>	<b>6 454 794</b>	<b>31 340 192</b>	<b>2 905 060 438</b>	<b>2 936 400 630</b>



# Newcastle Municipality

Annual Financial Statements for the year ended 30 June 2012

## Cash Flow Statement

Figures in Rand

	Note(s)	2012	2011 Restated
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Sale of goods and services		740 834 831	642 008 393
Grants		400 969 605	284 795 927
Interest received		23 125 136	25 090 778
Other receipts		8 097 505	7 939 981
	31	<u>1 173 027 077</u>	<u>959 835 079</u>
<b>Payments</b>			
Employee costs		(246 794 173)	(204 257 137)
Suppliers and other payments		(729 398 242)	(494 548 747)
Finance costs		(6 650 041)	(5 866 998)
		<u>(982 842 456)</u>	<u>(704 672 882)</u>
<b>Net cash flows from operating activities</b>	31	<u><b>190 184 621</b></u>	<u><b>255 162 197</b></u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3	(178 537 739)	(218 263 433)
Purchase of other intangible assets	4	(7 235)	(451 211)
Investment in associates	4	29 014 853	(14 078 207)
Movement in loans and receivables		545 667	(37 272 887)
<b>Net cash flows from investing activities</b>		<u><b>(148 984 454)</b></u>	<u><b>(270 065 738)</b></u>
<b>Cash flows from financing activities</b>			
Movement in long term loans		9 182 059	(25 689 223)
Movement in finance lease obligation		385 534	-
<b>Net cash flows from financing activities</b>		<u><b>9 567 593</b></u>	<u><b>(25 689 223)</b></u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>50 767 760</b>	<b>(40 592 764)</b>
Cash and cash equivalents at the beginning of the year		<u>381 527 757</u>	<u>422 120 521</u>
<b>Cash and cash equivalents at the end of the year</b>	11	<u><b>432 295 517</b></u>	<u><b>381 527 757</b></u>

# Newcastle Municipality

Annual Financial Statements for the year ended 30 June 2012

## Accounting Policies

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### 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board, in accordance with Section 122 (3) of the MFMA (no 51 of 2003).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise. They are presented in South African Rand.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

These accounting policies are consistent with the previous period.

These standards are summarised as follows:

- GRAP 1 Presentation of Annual Financial Statements
- GRAP 2 Cash Flow Statements
- GRAP 3 Accounting Policies, Changes in Accounting Estimates and Errors
- GRAP 4 The effects of Changes in Foreign Exchange Rates
- GRAP 5 Borrowing Costs
- GRAP 6 Consolidated and Separated Financial Statements
- GRAP 7 Investment in Associates
- GRAP 8 Investment in Joint Ventures
- GRAP 9 Revenue from Exchange Transactions
- GRAP 10 Financial Reporting in Hyperinflationary Economies
- GRAP 11 Construction Contracts
- GRAP 12 Inventories
- GRAP 13 Leases
- GRAP 14 Events after the Reporting Dates
- GRAP 16 Investment Properties
- GRAP 17 Property, Plant and Equipment
- GRAP 19 Provisions, Contingent Liabilities and Contingent Assets
- GRAP 100 Non-Current Assets Held for Sale and Discontinued Operations
- GRAP 101 Agriculture
- GRAP 102 Intangible Assets

Accounting policies for material transactions, events or conditions not covered by the above GRAP standards have been in accordance with Paragraph 7,11 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been on Generally Recognised Accounting Practice (GRAP) including any such Statements issued by the Accounting Practices Board.

The municipality has elected to use these standards to inform the accounting policies.

The municipality will apply all new standards issued by the date stipulated by the Minister of Finance. At year end, the municipality was still determining the extent to which the new standards will impact the accounting of the municipality.

#### **Standards, amendments to standards and interpretations issued but not yet effective**

The following GRAP Standards have been issued but are not yet effective and have not been early adopted by the Municipality:

- GRAP 18 Segment Reporting - issued March 2005
- GRAP 21 Impairment of Non-Cash Generating Assets - issued March 2009
- GRAP 23 Revenue from Non-Exchange Transactions - issued February 2008
- GRAP 24 Presentation of Budget Information - issued November 2007
- GRAP 26 Impairment of Cash Generating Assets - issued March 2009
- GRAP 103 Heritage Assets - issued July 2008
- GRAP 25 Employee Benefits - effective 1 January 2009
- GRAP 20 Related Party Disclosures - issued June 2011
- GRAP 105 Transfer of Functions between Entities under common control
- GRAP 107 Mergers - issued November 2010
- GRAP 104 Financial Instruments
- GRAP 106 Transfer of functions between entities not under common control

# Newcastle Municipality

Annual Financial Statements for the year ended 30 June 2012

## Accounting Policies

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Interpretations and International Public Sector Accounting Standards as detailed by Directive 5 are as follows:

IGRAP 1	Applying the Probability Test on Initial Recognition of Exchange Revenue
IGRAP 2	Change in Existing Decommissioning, Restoration and Similar Liabilities
IGRAP 3	Determining whether an Arrangement Contains a lease
IGRAP 4	Rights to interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IGRAP 5	Applying the Restatement Approach under the standard of GRAP on Financial Reporting in Hyperinflationary Economies
IGRAP 6	Loyalty programmes
IGRAP 7	The limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction
IGRAP 8	Agreements for the Construction of Assets from Exchange Transactions
IGRAP 9	Distribution of non-cash Assets to customers
IGRAP 10	Assets received from customers
IGRAP 13	Operating leases - incentives
IGRAP 14	Evaluating the Substance of Transaction involving the legal form of a lease
IGRAP 15	Revenue - Barter transaction involving advertising services
IGRAP 20	Related party disclosures

The municipality will apply all new standards issued by the date stipulated by the Minister of Finance. At year end, the municipality was still determining the extent to which the new standards will impact the accounting of the municipality.

### 1.1 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired at no cost or for a nominal cost, its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is the cost at date of completion.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

#### Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the fair value of investment property under construction is not determinable, it is measured at cost until the earlier of the date it becomes determinable or construction is complete.

### 1.2 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

# Newcastle Municipality

Annual Financial Statements for the year ended 30 June 2012

## Accounting Policies

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### 1.2 Property, plant and equipment (continued)

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value. Components of assets that are significant in relation to the whole asset and have different useful lives are depreciated separately. Land is not depreciated as it is deemed to have an indefinite useful life.

### 1. Assets Under Construction

The cost of property, plant and equipment that under construction as of the reporting date is recognised as an asset if:

- (a) it is probable that future economic benefits or service potential associated with the item(s) will flow to the municipality, and
- (b) the cost or fair value of the item(s) can be measured reliably.

Assets under construction consists of expenditure for the construction of buildings, certain land improvements, infrastructure assets and networks and any other capital projects that are under construction as of the reporting date. The expenditure comprise direct labour, materials and overheads, if appropriate.

When assets under construction is completed and certificates of completion issued, they are transferred to the appropriate asset class.

Asset under construction are not depreciated as they are not in a condition necessary for it to be capable of operating in a manner intended by management.

The useful lives of items of property, plant and equipment have been assessed as follows:

# Newcastle Municipality

Annual Financial Statements for the year ended 30 June 2012

## Accounting Policies

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### 1.2 Property, plant and equipment (continued)

Item	Average useful life
Buildings	80 years
Other	
• Honey sucker tanker	10 years
• Bins and containers	10 years
• Emergency equipment	10 years
• Motor vehicles	5 years
• Office equipment	7 years
• Furniture and fittings	7 years
• Plant and equipment	7 years
• Landfill site structure	55 years
• Building airconditioning system	5 years
• Computer equipment	5 years
• Domestic equipment	5 years
• Network	10 years
Infrastructure	
• Roads and paving	20 years
• Bridges	80 years
• Storm water	50 years
• Gravel	10 years
• Kerb and channels	50 years
• Asphalt Surface	20 years
• Asphalt layer	50 years
• Substations and transformers	40 years
• Street lighting	40 years
• Pedestrian path	30 years
• Traffic signs	15 years
• Traffic Island	50 years
• Traffic lights	20 years
• Reservoirs	50 years
• Water pump station	55 years
• Bulk sewer pipeline	50 years
• Sewerage pump station	55 years
• Poles, cables and lights	20 years
• Airport	30 years
Community	
• Clinic and health facilities	30 years
• Stadiums	30 years
• Security system	5 years
• Hawkers shelters	10 years
• Car wash bays	10 years
• Libraries	30 years
• Parks and gardens	15 years
• Cemeteries	30 years
• Community centres	30 years
• Learning, training, support library	10 years
Heritage	
• Buildings	80 years
• Museums	80 years
• Artwork	

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

# Newcastle Municipality

Annual Financial Statements for the year ended 30 June 2012

## Accounting Policies

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### 1.2 Property, plant and equipment (continued)

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. These assets are not accounted for as non-current assets held for sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

### 1.3 Intangible assets

An asset is identified as an intangible asset when it:

- is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, assets or liability; or
- arises from contractual rights or other legal rights, regardless whether those rights are transferable or separate from the municipality or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

An intangible asset acquired at no or nominal cost, the cost shall be its fair value as at the date of acquisition.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software, other	3 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

# Newcastle Municipality

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### 1.3 Intangible assets (continued)

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

### 1.4 Heritage assets

Assets are resources controlled by an municipality as a result of past events and from which future economic benefits or service potential are expected to flow to the municipality.

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

Heritage assets are assets that have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

#### Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

#### Initial measurement

Heritage assets are measured at cost.

Where a heritage asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

#### Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit.

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

#### Impairment

The municipality assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

#### Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

# Newcastle Municipality

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### 1.4 Heritage assets (continued)

#### Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

### 1.5 Investments in associates

An associate is an entity in which the investor has significant influence and which is neither a controlled nor a joint venture of the investor. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control over those policies. The municipality exercises judgement in the context of all available information to determine if it has significant influence over an investee.

The municipality accounts for investment in associate at cost in the separate financial statements and under the equity method in the financial statements. The equity method involves recognising the investment initially at cost, then adjusting for any changes in the investors share of net assets since acquisition. A single line item in the Statement of Financial Performance presents the investors share of the associate's surplus or deficit for the year.

The municipality commences accounting for an investment in an associate from the date significant influence exists and discontinues the application of the equity method when it no longer has significant influence over an associate. Investments that are retained in whole or in part are subsequently accounted for in accordance with the accounting policies on subsidiaries, joint ventures or financial instrument depending on the nature of the retained investment.

The municipality uses the most recent available financial statements of the associate in applying the equity method. Where the reporting periods of the associate and the municipality are different, separate financial statements for the same period are prepared by the associate unless it is impracticable to do so. When the reporting dates are different, the municipality makes adjustments to the effect of any significant events or transactions between the investor and the associate that occur between the associate and the municipality. Adjustments are made to ensure consistency between the accounting policies of the municipality and associate.

### 1.6 Financial instruments

#### Classification

The entity classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through surplus or deficit, which shall not be classified out of the fair value through surplus or deficit category.

#### Initial recognition and measurement

Financial instruments are recognised initially when the municipality becomes a party to the contractual provisions of the instruments.

The municipality classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through surplus or deficit, transaction costs are included in the initial measurement of the instrument.



# Newcastle Municipality

Annual Financial Statements for the year ended 30 June 2012

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### 1.6 Financial instruments (continued)

#### Subsequent measurement

Financial instruments at fair value through surplus or deficit are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in surplus or deficit for the period.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

A financial asset is derecognised when:

The cash flows from the asset expire, are settled or waived;

(a) Significant risks and rewards are transferred to another party, or

(b) Despite having retained significant risks and rewards, the entity has transferred control of the asset to another entity. A financial liability is derecognised when the obligation is extinguished.

Exchanges of debt instruments between a borrower and a lender are treated as the extinguishment of an existing liability and the recognition of a new financial liability. Where the terms of an existing financial liability are modified, it is also treated as the extinguishment of an existing liability and the recognition of a new liability.

#### Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the deficit is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

Trade and other receivables are classified as loans and receivables.

Consumer debtors are initially recognised at fair value, and are subsequently measured at amortised cost.

#### Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are measured at amortised cost, using the effective interest rate method.

### 1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

# Newcastle Municipality

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### 1.7 Leases (continued)

#### Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

#### Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

#### Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

### 1.8 Inventories

Inventories are initially measured at cost except where inventories are acquired at no cost, or for nominal consideration, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

# Newcastle Municipality

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### 1.9 Impairment of cash-generating assets

The municipality assesses at each reporting date whether there is an indication that an asset may be impaired. Where the carrying amount of an asset exceeds its recoverable amount (or recoverable service amount in the case of non-cash-generating assets), the asset is considered impaired and is written down to its recoverable amount (or recoverable service amount). An asset's recoverable amount (or recoverable service amount) is the higher of the fair value less costs to sell, and the value in use of the assets).

An asset's recoverable amount (or recoverable service amount) is the higher of an asset's or cash generating unit's fair value less cost to sell and its value in use. This recoverable amount (or recoverable service amount) is determined for individual assets, unless those individual assets are part of a larger cash generating unit, in which case the recoverable amount (or recoverable service amount) is determined for the whole cash generating unit.

A cash-generating unit is the smallest identifiable group of assets held with the primary objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

In determining the recoverable amount (or recoverable service amount) of an asset the municipality evaluates the assets to determine whether the assets are cash generating assets or non-cash generating assets.

For cash generating assets the value in use is determined as a function of the discounted future cash flows from the asset.

Where the asset is non-cash generating asset the value in use is determined through one of the following approaches:  
Depreciated replacement cost approach - The current replacement cost of the asset is used as the basis for this value. This current replacement cost is depreciated for a period equal to the period that the asset has been in use so that the final depreciated replacement cost is representative of the age of the asset.

Restoration cost approach - Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment.

Service unit approach - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state.

The decision as to which approach to use is dependent on the nature of the identified impairment.

In assessing value-in-use for cash-generating assets, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, other fair value indicators are used.

Impairment losses of continuing operations are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the municipality makes an estimate of the assets or cash-generating unit's recoverable amount.

A previously recognised impairment loss is reversed **only** if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

# Newcastle Municipality

Annual Financial Statements for the year ended 30 June 2012

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### 1.10 Employee benefits

#### Short-term employee benefits

Short term employee benefits encompasses all those benefits that become payable in the short term i.e within a financial year or within 12 months after the financial year. Therefore, short term employee benefits include remuneration, compensated absences and bonuses. Short term employee benefits are recognised in the Statement of financial performance as services are rendered, except for non-accumulating benefits, which are recognised when the specific event occurs. These short term employee benefits are measured at their undiscounted costs in the period the employee renders the related services or specific event occurs.

#### Defined contribution plans

The municipality contributes to the Municipal Pension Fund, which is classified as a defined contribution plan. Contributions made towards the fund are recognised as an expense in the Statement of Financial Performance in the period that such contributions become payable. This contribution expense is measured at the undiscounted amount of the contribution paid or payable to the fund. A liability is recognised to the extent that any of the contributions have not yet been paid. Conversely an asset is recognised to the extent that any contributions have been paid in advance.

#### Other post retirement obligations

The entity provides post-retirement health care benefits upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations.

### 1.11 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating deficits.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

# Newcastle Municipality

Annual Financial Statements for the year ended 30 June 2012

## Accounting Policies

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### 1.11 Provisions and contingencies (continued)

### 1.12 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

#### Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

# Newcastle Municipality

Annual Financial Statements for the year ended 30 June 2012

## Accounting Policies

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### 1.12 Revenue from exchange transactions (continued)

#### Interest

Revenue arising from the use by others of entity assets yielding interest is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

### 1.13 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

#### Rates, including collection charges and penalties interest

Revenue from rates, including collection charges and penalty interest, is recognised when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- there has been compliance with the relevant legal requirements.

Changes to property values during a reporting period are valued by a suitably qualified valuator and adjustments are made to rates revenue, based on a time proportion basis. Adjustments to rates revenue already recognised are processed or additional rates revenue is recognised.

#### Fines

Revenue from the issuing of fines is recognised when the money is paid.

The municipality has two types of fines: spot fines and summonses. There is uncertainty regarding the probability of the flow of economic benefits or service potential in respect of spot fines as these fines are usually not given directly to an offender. Further legal processes have to be undertaken before the spot fine is enforceable. In respect of summonses the public prosecutor can decide whether to waive the fine, reduce it or prosecute for non-payment by the offender. An estimate is made for the revenue amount collected from spot fines and summonses based on past experience of amounts collected. Where a reliable estimate cannot be made of revenue from summonses, the revenue from summonses is recognised when the public prosecutor pays over to the entity the cash actually collected on summonses issued.

# Newcastle Municipality

Annual Financial Statements for the year ended 30 June 2012

## Accounting Policies

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### 1.13 Revenue from non-exchange transactions (continued)

#### Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier.

When government remit grants on a re-imbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

#### Other grants and donations

Other grants and donations are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

### 1.14 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

### 1.15 Borrowing costs

It is inappropriate to capitalise borrowing costs when, and only when, there is clear evidence that it is difficult to link the borrowing requirements of an entity directly to the nature of the expenditure to be funded i.e. capital or current.

Borrowing costs are recognised as an expense in the period in which they are incurred.

### 1.16 Insurance fund

The insurance fund is accounted for at net of cost, and any liability thereto, and adjustments are made only where there are valid claims to the fund.

### 1.17 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

### 1.18 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

# Newcastle Municipality

Annual Financial Statements for the year ended 30 June 2012

## Accounting Policies

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### 1.18 Unauthorised expenditure (continued)

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.19 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.20 Irregular expenditure

Irregular expenditure as defined in section 1 of the MFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (e) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

### 1.21 Use of estimates

The preparation of annual financial statements in conformity with Standards of GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in the relevant sections of the annual financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

### 1.22 Currency of presentation

These annual financial statements are presented in South African Rand.



# Newcastle Municipality

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### 1.23 Housing development fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

### 1.24 Investments

Where the carrying amount of an investment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the statement of financial performance.

#### Investments in securities

Investments in securities are recognised on a trade date basis and are initially measured at cost.

At subsequent reporting dates, debt securities that the municipality has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost, less any impairment losses recognised to reflect irrecoverable amounts. The annual amortisation of any discount or premium on the acquisition of a held-to-maturity security is aggregated with over investment income receivable over the term of the instrument so that the revenue recognised in each period represents a constant yield on the investment.

Investments other than held-to-maturity debt securities are classified as either held for trading or available-for-sale, and are measured at subsequent reporting dates at fair value, based on quoted market prices at the reporting date. Where securities are held for trading purposes, unrealised gains and losses are included in net surplus/(deficit) for the period. For available-for-sale investments, unrealised gains and losses are recognised directly in net assets, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in net assets is included in the net surplus/(deficit) for the period.

### 1.25 Conditional grants and receipts

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

### 1.26 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget

### 1.27 Related Party Transactions

#### Waste Works Newcastle

The financial statements of Waste Works Newcastle have not been consolidated pending the liquidation process.

Councillors and Senior Management

Income from service rendered has not been calculated, however the only income received from the Councillors and Senior management is in terms of the approved tariff charges in line with normal service delivery, and occur on an arms length basis.

### 1.28 Capital Commitments

Capital commitments are approved and contracted for when a tender is awarded to a contractor and a valid contract has been signed by both the Accounting Officer and contractor.

# Newcastle Municipality

Annual Financial Statements for the year ended 30 June 2012

## Accounting Policies

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### 1.28 Capital Commitments (continued)

Capital commitments are approved but not yet contracted for are those capital projects are appropriated in the capital budget and which are approved by council. These are municipal capital projects for which the tendering process has not commenced and therefore not yet allocated to a contractor through competitive bidding process

# Newcastle Municipality

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### 2. Investment property

	2012			2011		
	Cost / Valuation	Fair Value Adjustment	Carrying value	Cost / Valuation	Fair Value Adjustment	Carrying value
Investment property	150 706 493	-	150 706 493	165 566 900	11 041 000	176 607 900

#### Reconciliation of investment property - 2012

	Opening balance	Fair value adjustments	Total
Investment property	176 607 900	(25 901 407)	150 706 493

#### Reconciliation of investment property - 2011

	Opening balance	Fair value adjustments	Total
Investment property	165 566 900	11 041 000	176 607 900

The Municipality has not pledged Investment Properties as security. A detailed register of Investment Properties held by the Municipality is available for inspection at the Municipal Offices, situated at 37 Murchinson Street.

The value of municipal properties is R150 706 493 (2011: R176 607 900) and was determined by the professional property valuers, The Valuator. The Valuator are not connected to the Municipality and have recent experience in location and category of the investment properties being valued. The valuation was based on open market values of similar properties sold in the area. Where open market values could not be obtained, a depreciated replacement cost was used and deemed to be fair value of the affected properties. These assumptions are based on current market conditions. The effective date of the valuation was 30 June 2012.

Fair value adjustment	(25 901 407)	11 041 000
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#### Pledged as security

The municipality has not pledged Investment property as security.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality, situated at 37 Murchinson Street.

#### Details of valuation

Amounts recognised in surplus and deficit for the year.

Rental revenue from investment property	5 703 174	2 652 371
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# Newcastle Municipality

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### 3. Property, plant and equipment

	2012			2011		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	103 225 054	-	103 225 054	78 090 000	-	78 090 000
Buildings	110 736 800	(45 312 147)	65 424 653	92 620 284	(43 850 153)	48 770 131
Other assets	80 915 037	(30 640 606)	50 274 431	74 981 509	(21 492 402)	53 489 107
Infrastructure	1 379 427 306	(628 651 777)	750 775 529	1 327 629 118	(419 473 237)	908 155 881
Community	508 898	(6 084)	502 814	508 898	(3 042)	505 856
Capital work in progress	360 672 250	(300 000)	360 372 250	261 026 591	-	261 026 591
Finance lease assets	401 360	(17 682)	383 678	-	-	-
Heritage	2 808 116	-	2 808 116	2 806 361	-	2 806 361
<b>Total</b>	<b>2 038 694 821</b>	<b>(704 928 296)</b>	<b>1 333 766 525</b>	<b>1 837 662 761</b>	<b>(484 818 834)</b>	<b>1 352 843 927</b>

#### Reconciliation of property, plant and equipment - 2012

	Opening balance	Additions	Transfers	Depreciation	Impairment loss	Total
Land	78 090 000	25 135 054	-	-	-	103 225 054
Buildings	48 770 131	73 450	18 043 063	(1 461 995)	-	65 424 649
Other assets	53 489 107	5 055 346	878 182	(9 113 368)	(34 836)	50 274 431
Infrastructure	908 155 880	-	51 798 191	(209 178 540)	-	750 775 531
Community	505 856	-	-	(3 042)	-	502 814
Capital work in progress	261 026 592	170 365 096	(70 719 436)	-	(300 000)	360 372 252
Finance lease assets	-	401 360	-	(17 682)	-	383 678
Heritage	2 806 361	1 755	-	-	-	2 808 116
<b>Total</b>	<b>1 352 843 927</b>	<b>201 032 061</b>	<b>-</b>	<b>(219 774 627)</b>	<b>(334 836)</b>	<b>1 333 766 625</b>

#### Reconciliation of property, plant and equipment - 2011

	Opening balance	Additions	Depreciation	Total
Land	78 090 000	-	-	78 090 000
Buildings	48 200 666	1 970 583	(1 401 118)	48 770 131
Other Assets	53 875 034	10 911 323	(11 297 250)	53 489 107
Infrastructure	1 116 614 431	-	(208 458 551)	908 155 880
Community	-	508 898	(3 042)	505 856
Capital work in progress	56 180 324	204 846 268	-	261 026 592
Heritage	2 780 000	26 361	-	2 806 361
<b>Total</b>	<b>1 355 740 455</b>	<b>218 263 433</b>	<b>(221 159 961)</b>	<b>1 352 843 927</b>

#### Pledged as security

There were no assets pledged as security.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

# Newcastle Municipality

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### 4. Intangible assets

	2012			2011		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	800 460	(162 929)	637 531	793 225	(92 709)	700 516

#### Reconciliation of intangible assets - 2012

	Opening balance	Additions	Amortisation	Total
Computer software	700 516	7 235	(70 220)	637 531

#### Reconciliation of intangible assets - 2011

	Opening balance	Additions through business combinations	Amortisation	Total
Computer software	325 370	451 211	(76 065)	700 516

### 5. Investments in associates

Name of entity	% holding 2012	% holding 2011	Carrying amount 2012	Carrying amount 2011
Uthukela Water (Pty) Ltd	34,00 %	34,00 %	982 936 283	980 845 685

The municipality has 34% in uThukela Water (Pty) Ltd (a joint venture established in 2004). This investment is disclosed in these financial statements using the equity method as described in GRAP 7 as follows:

	2012	2011
Opening balance	980 845 685	966 767 478
Current year contributions	114 495 846	104 087 133
Share in retained profit/losses on the equity method	(112 405 248)	(90 008 926)
	<u>982 936 283</u>	<u>980 845 685</u>

#### Summarised financial information of Uthukela Water:

	2012	2011
Equity	(2 255 983 835)	(2 348 839 659)
Liabilities	(242 147 096)	(242 236 437)
	<u>(2 498 130 931)</u>	<u>(2 591 076 096)</u>

	2012	2011
Total Assets	<u>2 498 130 931</u>	<u>2 591 076 096</u>

No shares were sold during the year. There were no adjustments relating to the effect of different accounting policies.

There were no events or transactions which occurred after the associate's reporting date which could materially affect the financial position or operating performance of that associates for the subsequent accounting period.

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### 5. Investments in associates (continued)

### 6. Other financial assets

#### Loans and receivables

Uthukela Debtor

Land Sales

3 497 394

2 523 256

**6 020 650**

3 963 942

2 602 375

**8 566 317**

#### Non-current assets

Loans and receivables

-

2 130 433

#### Current assets

Loans and receivables

6 020 650

**6 020 650**

4 435 884

**6 586 317**

Land sales

Fair value adjustments

Uthukela Debtor

2 970 551

(447 295)

3 497 394

**6 020 650**

4 352 453

(1 833 508)

4 344 297

**6 863 242**

#### Uthukela Debtor

Newcastle Municipality took a loan with DBSA on behalf of Uthukela Water. The obligation with DBSA is recognised under liabilities.

For debt securities classified as at fair value through surplus or deficit, the maximum exposure to credit risk at the reporting date is the carrying amount.

### 7. Inventories

Consumable stores

7 147 616

5 977 810

Inventory is stated at the lower cost or current replacement value.

#### Inventory pledged as security

No inventory has been pledged as security to date in the current accounting period.

### 8. Trade and other receivables from exchange transactions

Other receivables

Sundry debtors

Debtor suspense

Insurance debtor

Adjustment to fair value at amortised cost

41 004 787

3 931 585

-

2 348 492

(143 583)

**47 141 281**

32 228 749

4 121 967

6 235

3 159 353

(3 673 740)

**35 842 564**

### 9. VAT receivable

VAT

2 320 461

16 822 449

# Newcastle Municipality

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### 10. Consumer debtors

#### Gross balances

Rates	92 517 226	64 890 152
Electricity	59 448 031	29 192 427
Water	186 101 607	130 670 374
Sewerage	94 231 304	60 798 122
Refuse	44 802 453	32 051 345
Other Consumer Debtors	3 710 647	1 965 733
Sundry services	343 773 039	371 487 975
	<b>824 584 307</b>	<b>691 056 128</b>

#### Less: Provision for debt impairment

Rates	(51 404 166)	(57 393 005)
Electricity	(16 562 641)	(25 819 652)
Water	(103 401 261)	(115 573 245)
Sewerage	(52 356 537)	(53 773 751)
Refuse	(24 893 015)	(28 348 261)
Other consumer debtors	(2 061 700)	(1 738 620)
Sundry services	(193 028 577)	(328 567 749)
	<b>(443 707 897)</b>	<b>(611 214 283)</b>

#### Net balance

Rates	41 113 060	7 497 147
Electricity	37 618 764	24 357 313
Water	72 544 163	13 243 098
Fair value adjustment to consumer debtors	(18 369 577)	-
Sewerage	36 732 251	8 161 728
Refuse	17 464 419	3 248 319
Housing rental	1 446 445	1 045 386
Sundry services	173 957 308	24 288 856
	<b>362 506 833</b>	<b>79 841 845</b>

#### Rates

Current (0 -30 days)	12 735 303	10 310 169
31 - 60 days	4 912 855	4 886 328
61 - 90 days	4 865 860	4 540 007
91 - 120 days	4 633 007	4 457 871
121 - 150 days	4 552 200	4 246 702
> 150 days	80 818 198	36 489 076
Provision	(51 404 183)	(57 393 006)
	<b>41 113 060</b>	<b>7 497 147</b>

#### Electricity, Water, Sewerage and Refuse

Current (0 -30 days)	78 699 399	59 107 861
31 - 60 days	16 571 828	16 456 839
61 - 90 days	15 178 517	14 522 502
91 - 120 days	13 404 631	13 053 732
121 - 150 days	13 446 661	15 611 377
> 150 days	247 282 355	133 959 953
Provision	(197 213 454)	(223 514 909)
	<b>187 369 937</b>	<b>29 197 355</b>

# Newcastle Municipality

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### 10. Consumer debtors (continued)

#### Sundries

Current (0 -30 days)	(3 920 883)	(16 371 261)
31 - 60 days	404 480	659 859
61 - 90 days	137 866	630 052
91 - 120 days	2 905 478	1 604 150
121 - 150 days	365 149	5 210 283
> 150 days	343 880 946	379 754 890
Provision	(193 028 577)	(328 567 749)
	<u>150 744 459</u>	<u>42 920 224</u>

#### Other

Current (0 -30 days)	561 652	-
31 - 60 days	173 998	-
61 - 90 days	163 356	-
91 - 120 days	268 728	-
121 - 150 days	192 559	-
> 150 days	2 350 351	-
Provision	(2 061 700)	-
	<u>1 648 944</u>	<u>-</u>



# Newcastle Municipality

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### 10. Consumer debtors (continued)

#### Summary of debtors by customer classification

##### Consumers

Current (0 -30 days)	69 629 699	31 490 442
31 - 60 days	16 486 283	18 942 953
61 - 90 days	18 352 036	17 159 781
91 - 120 days	17 682 169	16 657 513
121 - 150 days	15 185 722	105 282 048
> 150 days	583 587 124	412 642 435
	<u>718 923 033</u>	<u>602 175 172</u>
Less: Provision for debt impairment	(385 000 670)	(532 602 276)
	<u>333 922 363</u>	<u>69 572 896</u>

##### Industrial/ commercial

Current (0 -30 days)	16 801 641	2 949 679
31 - 60 days	5 212 982	1 774 368
61 - 90 days	3 588 421	1 607 340
91 - 120 days	3 212 743	1 560 293
121 - 150 days	3 154 413	9 861 686
> 150 days	50 852 672	38 651 813
	<u>82 822 872</u>	<u>56 405 159</u>
Less: Provision for debt impairment	(46 017 815)	(49 888 334)
	<u>36 805 057</u>	<u>6 516 825</u>

##### National and provincial government

Current (0 -30 days)	1 644 132	1 698 305
31 - 60 days	363 899	1 021 809
61 - 90 days	404 945	925 441
91 - 120 days	316 935	898 353
121 - 150 days	216 435	5 677 946
> 150 days	19 892 058	22 254 141
	<u>22 838 404</u>	<u>32 475 795</u>
Less: Provision for debt impairment	(12 689 411)	(28 723 673)
	<u>10 148 993</u>	<u>3 752 122</u>

##### Reconciliation of Consumer Debtors

Gross Amount	824 584 308	691 056 128
Less: Debt impairment provision	(443 707 898)	(811 214 283)
Less: Fair value adjustment	(18 369 577)	-
	<u>362 506 833</u>	<u>79 841 845</u>

##### Reconciliation of debt impairment provision

Balance at beginning of the year	(611 214 283)	(445 042 197)
Contributions to provision	-	(174 890 128)
Debt impairment written off against provision	-	8 862 023
Reversal of provision	167 506 385	(143 981)
	<u>(443 707 898)</u>	<u>(611 214 283)</u>

The carrying amounts of trade and other receivables approximate fair values. The discount rate used was based on the return on long term Treasury Bonds. The rate was adjusted for municipal specific risks as well as for various categories of debtors based on the risk profile.

# Newcastle Municipality

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### 10. Consumer debtors (continued)

Credit quality of consumer debtors

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an on-going basis and characteristics like collection levels are considered during evaluation for impairment. The credit quality of trade receivables that are neither past due nor impaired are considered fair by the municipality taking into account the historical information available. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, management believes no further credit provisions are required in excess of the present allowance for doubtful debts.

### 11. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash and cash equivalents are initially measured at amortised cost, using the effective interest rate method.

Cash on hand	1 105 369	107 682
Bank balances	18 908 150	37 198 426
Short-term deposits	412 281 998	344 221 649
	<u>432 295 517</u>	<u>381 527 757</u>

# Newcastle Municipality

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### 11. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances		Cash book balances		
	30 June 2012	30 June 2011	30 June 2012	30 June 2011	
FNB - 53140035974	14 253 838	113 437 882	-	18 853 690	38 041 391
FNB - 53140063149	4 940 671	1 222 362	-	-	-
<b>Total</b>	<b>19 194 509</b>	<b>114 660 244</b>	<b>-</b>	<b>18 853 690</b>	<b>38 041 391</b>

Investments	2012	2011
Money Markets	74 931 166	71 636 800
Call Investments	337 350 831	272 584 848
	<b>412 281 997</b>	<b>344 221 648</b>

Call Investments	2012	2011
FNB-62104301388	1 500 000	1 500 000
FNB - 62351037695	5 000 000	-
FNB- 71331485360	12 213 113	-
FNB- 71268923574	-	47 200 000
FNB-71351217206	51 800 000	-
Nedbank- 764855441/23	-	10 000 000
Nedbank- 764855441/09	9 500 000	9 500 000
Nedbank- 764855441/01	4 219 250	4 058 495
Nedbank- 764855441/10	225 061	215 652
Nedbank- 764855441/13	225 119	-
Nedbank- 764855441032	-	173 093
Nedbank-764855441037	16 081 101	-
Nedbank-764855441041	47 900 000	40 900 000
ABSA 2071813898	15 000 000	15 000 000
ABSA 2072185521	51 100 000	39 700 000
ASBA 9093158471	-	6 000 000
ABSA 9112678241	4 028 032	3 850 640
ABSA 9123294032	155 094	148 264
ABSA-2071813898	16 230 231	-
Standard Bank 68450354011	5 000 000	5 000 000
Standard Bank 068450354015	7 728 009	7 357 055
Standard Bank 068450354016	24 889 730	23 694 732
Standard Bank 68450354/001	3 933 882	3 743 609
Standard Bank-68450354029	6 975 555	-
Standard Bank-68450354030	2 500 000	-
Standard Bank 6845034009	2 273 026	2 273 026
Standard Bank 068450354008	73 828	70 282
Standard Bank 068450354028	48 800 000	52 200 000
	<b>337 350 831</b>	<b>272 584 848</b>

Money market	2012	2011
Sanlam 1246107	46 822 968	44 604 889
FNB - 62132797088	28 108 198	27 031 911
	<b>74 931 166</b>	<b>71 636 800</b>

Interest Income	2012	2011
Interest on Bank	7 042 014	-
Interest on Investment Account	16 083 122	-
	<b>23 125 136</b>	<b>-</b>

# Newcastle Municipality

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### 12. Long term loans

#### Held at amortised cost

##### Annuity loans

68 449 475

59 267 416

The municipality received fifteen (15) loans from Development Bank of Southern Africa (DBSA) to fund infrastructure assets. Each loan has a fixed interest rate however, all loans have different interest rates. Interest rates are between 9% and 12% per annum, payable quarterly.

Long term loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method

#### Non-current liabilities

##### At amortised cost

60 196 100

50 047 921

#### Current liabilities

##### At amortised cost

8 253 375

9 219 495

**68 449 475**

**59 267 416**

### 13. Finance lease obligation

#### Minimum lease payments due

##### - within one year

220 704

-

##### - in second to fifth year inclusive

209 832

-

430 536

-

#### less: future finance charges

(45 002)

-

#### Present value of minimum lease payments

**385 534**

-

#### Present value of minimum lease payments due

##### - within one year

187 533

-

##### - in second to fifth year inclusive

198 001

-

**385 534**

-

#### Non-current liabilities

198 001

-

#### Current liabilities

187 533

-

**385 534**

-

The average lease term is 36 months for photocopy equipment and 24 months for computer equipment. The effective borrowing rate is 15%. Interest rates are fixed at the contract date. These leases have fixed repayment terms. No arrangements have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased asset.

# Newcastle Municipality

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### 14. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

#### Unspent conditional grants and receipts

Municipal infrastructure grant	-	(11 482 115)
Construction of Madadeni 4 subsidy	7 000 000	7 000 000
Municipal Systems Improvement Grant	1 429 629	1 296 471
Financial Management Grant	703 243	1 931 594
Skills Development Grant	-	1 099 271
Expanded Public Works Programme Incentives	2 974 095	641 000
Environmental Management Framework	1 353 500	1 500 000
Neighbourhood Development Partnership	12 230 343	2 689 044
Electrification Grant	4 310 149	851 967
Disaster Relief subsidy	-	67 707
KwaMathukuza Housing Project	13 555 016	11 651 898
JBC Housing Project	4 500 000	-
Water services operating and masification services	7 201 189	(4 748 090)
Other government grants and subsidies	23 438 336	17 808 193
	<b>78 695 500</b>	<b>30 306 940</b>

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See Note 22 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

# Newcastle Municipality

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### 15. Employee benefit obligations

#### Reconciliation of defined benefit plan obligations - 2012

	Opening Balance	Current service costs	Contributions paid	Interest costs	Total
Employee benefits	74 282 830	4 416 432	(3 475 523)	6 185 140	81 408 879

#### Reconciliation of defined benefit plan obligations - 2011

	Opening Balance	Current service costs	Contributions paid	Acturial loss/(gain)	Interest cost	Total
Employee Benefits	67 583 066	3 925 242	(3 720 525)	(170 082)	6 665 109	74 282 830

Non-current liabilities	77 822 236	68 960 000
Current liabilities	3 586 643	5 322 830
	<b>81 408 879</b>	<b>74 282 830</b>

	2012	2011
Health Care Benefit	67 383 722	61 296 746
Long service awards	14 025 157	12 986 084
	<b>81 408 879</b>	<b>74 282 830</b>

<b>Health Care Benefits</b>	2012	2011
Balance at beginning of the year	61 296 746	55 625 693
Current Service Costs	2 787 255	2 324 546
Contributions paid	(1 947 564)	(1 632 705)
Acturial (Gain)/Loss	-	(832 398)
Interest Cost	5 247 285	5 811 610
	<b>67 383 722</b>	<b>61 296 746</b>

#### Net expenses recognised in Statement of Financial Performance - Health care benefit

	2012	2011
Current Service costs	2 787 255	2 324 546
Contributions paid	(1 947 564)	(1 632 705)
Acturial Loss/(Gain)	-	(832 398)
Interest cost	5 247 285	5 811 610
	<b>6 088 976</b>	<b>5 671 053</b>

#### Long Service Award

	2012	2011
Balance at the beginning of the year	12 986 084	11 957 373
Current Service Costs	1 829 177	1 600 696
Contributions paid	(1 527 959)	(2 087 820)
Acturial Loss/(Gain)	-	662 336
Interest cost	937 855	853 499
	<b>14 025 157</b>	<b>12 986 084</b>

#### Net expenses recognised in Statement of Financial Performance - Long service award

	2012	2011
Current Service Costs	1 629 177	1 600 696
Contributions paid	(1 527 959)	(2 807 820)
Acturial Loss/(Gain)	-	662 336
Interest cost	937 855	853 499
	<b>1 039 073</b>	<b>308 711</b>

# Newcastle Municipality

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### 15. Employee benefit obligations (continued)

A long service award is granted to municipal employees after a completion of fixed periods of continuous service with the municipality (which include their uninterrupted service with the former local authorities and provincial departments from July 2002). The said award comprises a certain number of vacation leave days which in accordance with the option exercised by the beneficiary employee, can be converted into a cash amount based on his/her basic salary applicable at the time the award become due, or alternatively credited to his/her vacation leave accrual. The provision represents an estimation of the awards to which employees in the service of the municipality at 30 June 2012 may become entitled to in future based on an actuarial valuation performed. The most recent actuarial valuation of plan assets and the present value of unfunded defined benefit obligation were carried out as at 30 June 2011 by ARCH Actuarial Consulting a member of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost, and past service cost, were measured using the projected unit credit method. No other long service benefits are provided by the municipality. The amounts presented and recognised in the current financial year are based on the projections as per the Actuarial valuation performed at 30 June 2011.

The salaries used in the valuation include an assumed increase in July 2011. The next salary increase was assumed to take place in July 2012.

#### Sensitivity analysis

The liability at the Valuation Date was recalculated to show the effect of:

- (i) A 1% increase and decrease in the assumed general salary inflation rate
- (ii) A two-year decrease and increase in the assumed average retirement age of employees; and
- (iii) A 50% reduction in the assumed withdrawal rates from services

#### Sensitivity Analysis on the Accrued Liability (R Millions)

Assumption Change in-service	Liability	Change %
Central assumptions	13	-
General salary inflation	14	(6)
General salary inflation	12	(5)
Average retirement age	11	(15)
Average retirement age	15	15
Withdrawal rates	15	14
	<b>80</b>	<b>3</b>

#### Sensitivity Analysis on the Current-service and Interest Costs for the year ending 30 June 2012

Assumption	Current-service cost	Interest Cost	Total	Change %
Central assumption	1 629 177	937 855	2 567 032	-
General salary inflation	1 724 964	995 704	2 720 668	6
General salary inflation	1 544 598	885 145	2 429 743	(5)
Average retirement age	1 477 882	789 186	2 267 068	(12)
Average retirement age	1 843 792	1 085 382	2 929 174	14
Withdrawal rates	1 996 084	1 077 337	3 073 421	20
	<b>10 216 497</b>	<b>5 770 609</b>	<b>15 987 106</b>	<b>23</b>

#### Sensitivity Analysis on the Current-service and Interest Costs for the year ending 30 June 2011

# Newcastle Municipality

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### 15. Employee benefit obligations (continued)

Assumption	Current - service cost	Interest Cost	Total	Change %
Central assumptions	1 600 696	853 499	2 454 195	-
General salary inflation	1 674 640	906 295	2 580 935	5
General salary inflation	1 534 945	805 299	2 340 244	(5)
Average retirement age	1 411 474	712 892	2 124 366	(13)
Average retirement age	1 732 290	984 352	2 716 642	11
Withdrawal rates	1 861 575	975 383	2 836 958	16
	<b>9 815 620</b>	<b>5 237 720</b>	<b>15 053 340</b>	<b>14</b>

#### Key assumptions used

The Municipality provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members of the municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current condition service), on retirement, is entitled to remain a continued member of such a medical aid fund, in which case the municipality is liable for a certain portion of the medical aid membership fee.

The most recent actuarial valuations the present value of unfunded employee benefit obligation was carried out as at 30 June 2011 by ARCH Actuarial Consulting, a member of the actuarial society of South Africa. The present value of the employee benefit obligation, and related current service cost, and past service cost, were measured using the projected unit credit method. No other post retirement medical benefits are provided by the municipality.

Assumptions used for valuation on 30 June 2011.

Discount rate used	8,70%	8,70%
Health care cost inflation rate	7,31%	7,31%
Average retirement age	63	63
Mortality during employment	85-90	85-90

#### Withdrawal from service (sample annual rates)

Age	Rate - Female	Rate - Male
20	24%	18%
30	15%	10%
40	6%	6%
50	2%	2%
55	0%	0%

The next contribution rate increase was assumed to occur at 1 January 2012

#### Sensitivity Analysis

The liability at the valuation date was recalculated to show the effect of:

- (i) A 1% increase and decrease in the assumed rate of health care cost inflation;
- (ii) A one-year age reduction in the assumed rates of post-retirement mortality;
- (iii) A 50% reduction in the assumed withdrawal rates

#### Sensitivity Analysis on the Accrued

Liability(Rillions)

Assumption Change in- service	Change	In-service	Continuation	Total	Change %
Central assumptions	-	33	28	61	-



# Newcastle Municipality

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				2012	2011 Restated
<b>15. Employee benefit obligations (continued)</b>					
Health care inflation	1	40	31	72	17
Health care inflation	1	28	25	53	14
Post-retirement mortality	1	34	29	64	4
Average retirement age	1	36	28	84	5
Withdrawal rate	50	36	28	64	5
	<b>54</b>	<b>207</b>	<b>169</b>	<b>378</b>	<b>45</b>

The post-retirement mortality adjustment assumes that someone aged 70 will experience the mortality of someone aged 89. The liability is expected to increase under this scenario because members are expected to live longer.

Sensitivity Analysis on the Current-service and Interest Costs for the year ending 30 June 201

Assumption	Change	Current-service cost	Interest cost	Total	Change %
Central assumptions	-	2 787 300	5 247 300	8 034 600	-
Health Care Inflation	1	3 446 400	6 134 700	9 581 100	19
Health Care Inflation	1	2 277 900	4 525 900	6 803 800	15
Post-retirement mortality	1	2 880 400	5 440 200	8 320 600	4
Average Retirement age	1	2 946 200	5 825 200	8 771 400	8
Withdrawal rate	50	3 126 800	5 851 900	8 978 700	10
	<b>54</b>	<b>17 465 000</b>	<b>33 025 200</b>	<b>50 490 200</b>	<b>56</b>

### 16. Non-current provision for landfill site

Provision for rehabilitation of landfill sites	2012 22 494 322	2011 50 785 425
--	--------------------	--------------------

The provision for rehabilitation of landfill sites relates to the legal obligation to rehabilitate landfill sites used for waste disposal. It is calculated as the present value of the future obligation, discounted at 6.75%, over an average period of 5 years (being the remaining useful life of the site).

The movement in the non-current provision is reconciled as follows:

<b>Provision for rehabilitation of landfill site</b>		
Balance at the beginning of the year	2012 50 765 425	2011 50 765 425
Adjustment to provision	(28 271 103)	-
	<b>22 494 322</b>	<b>50 765 425</b>

The provision for rehabilitation of landfill site relates to the legal obligation to rehabilitate landfill sites used for waste disposal. It is calculated as the present value of the future obligation, discounted at 6.75%, over an average period of 5 years (being the remaining useful life of the site).

During the current year the Municipality revised and extended the useful life of the landfill site by 5 years. An additional cell was excavated on the existing site, resulting in the extension of the useful life of the site. Furthermore, the rehabilitation obligation was revised as the end use of the landfill site (post rehabilitation) had changed since the last assessment and valuation. The costs of re-profiling the site have reduced significantly and are reflected in the adjustment process in this reporting period. The future value of the landfill site provision at the end of the site useful life is estimated at R31,182,800. The discounting rate used is return on long term treasury bonds and further adjusted for municipal specific risks. The effect discounting over the remaining useful life of the landfill site is estimated at R8,688,278.

# Newcastle Municipality

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### 17. Trade and other payables from exchange transactions

Trade payables	87 732 668	24 527 220
Retentions	25 443 920	19 066 826
Fair value adjustment	(1 241 458)	(5 072 475)
Accrued leave pay	12 315 206	14 351 269
Sundry Creditors	4 812 282	8 113 506
	<b>129 062 618</b>	<b>60 986 346</b>

The fair value of trade and other payables approximates their carrying amounts.

Trade and other payables are non-interest-bearing and are normally settled on 30 day terms, except retentions that could be settled after 12 months. Payments received in advance are non-interest bearing and normally settled on 30 day terms. Management policies are in place to ensure that all payables are paid within a reasonable timeframe - 30 days.

### 18. Consumer deposits

Electricity	8 235 467	9 638 708
Sundry	299 311	292 226
Housing rental	47 454	52 508
	<b>8 582 232</b>	<b>9 983 442</b>

Guarantees held in lieu of Electricity and Water Deposits.

### 19. Correction of prior period error

0  
-

Presented below are only those items contained in the Statement of Financial Position and Net Assets that have been effected by the prior-year adjustments processed in the current year 2012.

### Statement of Financial Position:

	As previously reported	Correction of errors	Restated
Accumulated Depreciation - Infrastructure Assets	(212 935 602)	1 920 916	(211 014 686)
Accumulated Depreciation: Other Assets	(10 217 930)	22 777	(10 195 152)
Other Assets: Cost	64 060 938	9 247	64 070 186
Current Assets - Other Debtors	89 312 802	(48 447 067)	40 865 735
Loan Receivable - DBSA	22 657 457	(22 657 457)	-
Correction of Annuity Loan	(48 517 986)	(1 529 935)	(50 047 921)
Irregular expenditure	9 989 765	(9 989 765)	-
Accumulated Surplus	104 087 133	(104 087 133)	-
Accumulated Impairment	(2 397 065)	2 397 065	-
Accumulated Depreciation: Infrastructure Assets	(213 025 592)	4 567 041	(208 458 551)
Accumulated Depreciation: Other Assets	(7 616 940)	(3 680 310)	(11 297 250)
Capital Work in Progress: Cost	246 163 779	14 862 813	261 026 592
	<b>41 580 759</b>	<b>(166 611 808)</b>	<b>(125 051 047)</b>

The useful lives of infrastructure assets was re-assessed and revised for prior periods resulting in the adjustment of R1 920 916 to the opening balance of prior years accumulated depreciation.

The useful lives of other assets was re-assessed and revised for prior periods resulting in the adjustment of R22 777 to the opening balance of prior years accumulated depreciation.

# Newcastle Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

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### 19. Correction of prior period error (continued)

The opening balance of prior year's other assets cost was corrected for previous understatement of R9 248.

The assets additions amounting to R48, 447 million were incorrectly duplicated and accounted for under other receivables.

A correction of R22, 657 million was made against loans receivable in prior year as the receivable meet the recognition criteria.

A correction of R1, 529 million was made to a DBSA Loan as it was understated.

A reversal of R9, 989 million was made as the amount was deemed to be irrecoverable in the prior year.

Other prior adjustment amounting to R6, 682 were individually insignificant.

An impairment amount of R2, 397 was incorrectly recognised.

The useful lives of infrastructure assets was re-assessed and revised for prior year resulting in the adjustment of R4, 567 million.

The useful lives of other assets was re-assessed and revised for prior year resulting in the adjustment of R3, 680 million.

The capital work in progress was restated by the net amount of R14, 826 million due to expenses to the amount of R298 377 which was incorrectly capitalised under work in progress and Uthukela Water assets to value of R15, 161 million that incorrectly expensed in the prior period.

Investment in Uthukela Water was erroneously expensed in the income statements and capitalised in Investment in Associate. This resulted in mistatement in the Accumulated Surplus amounting to R104, 087 million.

#### Statement of Financial Performance:

	As previously reported	Correction of errors	Restated
Grant expenses	31 917 545	(15 161 189)	16 756 355
Impairment - 2011	2 397 065	(2 397 065)	-
Depreciation Infrastructure - 2011	213 025 592	(4 567 041)	208 458 551
Water Services - UTW	104 087 133	(104 087 133)	-
Depreciation: Other Assets - 2011	7 616 940	3 680 310	11 297 250
General Expenses	292 157 068	298 377	292 455 445
	<u>651 201 343</u>	<u>(122 233 741)</u>	<u>528 967 601</u>

#### Statement of Net Assets

	As previously reported	Correction of errors	Restated
Accumulated Surplus/Deficit	<u>(2 781 064 989)</u>	<u>187 853 663</u>	<u>(2 697 298 459)</u>

# Newcastle Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

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### 20. Property rates

#### Rates received

Actual	2012	2011
Residential	75 009 596	67 666 414
Commercial	69 590 466	72 021 764
Vacant land	11 049 722	10 902 725
Specialised Non Market	860 706	602 229
Agriculture	1 137 297	1 019 998
Communal Land	111 032	64 592
State	134 181	108 950
	<b>157 893 000</b>	<b>152 386 672</b>
Total Property rates	<b>157 893 000</b>	<b>152 386 672</b>

#### Valuations

Residential	9 616 291 780	9 474 386 780
Commercial	3 278 512 600	3 265 359 600
State	196 850 301	91 072 501
Vacant	447 772 200	340 835 100
Specialised non market	1 080 822 000	394 690 000
Agriculture	700 401 000	722 116 100
Communal Land	51 156 000	92 695 000
	<b>15 371 805 881</b>	<b>14 381 155 081</b>

Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2009. Interim valuations are processed on a quarterly basis to take into account changes in individual property values due to alterations and subdivisions.

### 21. Service charges

Service charges	3 163 766	3 080 513
Sale of electricity	413 616 922	326 992 740
Sale of water	133 831 154	150 787 812
Sewerage and sanitation charges	73 580 734	69 479 596
Refuse removal	59 667 831	55 413 259
	<b>683 860 407</b>	<b>605 753 920</b>

# Newcastle Municipality

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## Notes to the Annual Financial Statements

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	2012	2011 Restated
<b>22. Government grants and subsidies</b>		
Equitable share	238 727 000	225 776 632
Environmental management framework	546 500	-
Municipal Infrastructure Grant	62 741 885	64 549 529
Municipal Systems Improvement Grant	656 842	15 253
Financial Management Grant	2 678 351	1 488 442
Skills Development Grant	1 601 733	576 382
Expanded Public Works Programme Incentive	159 905	-
Neighbourhood Development Partnership	17 423 252	4 576 592
Electrification Grant	4 541 818	6 107 473
Water Services Operating & Massification Subsidies	8 549 257	12 176 521
Disaster Relief Subsidy	12 949 504	47 293
KwaMathukuza Housing Project	-	50 316
Other Government Grant and Subsidies	2 991 445	8 877 059
	<b>353 567 492</b>	<b>324 241 492</b>

### Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All the residents with electricity get a free basic electricity monthly allowance of 50kWh - (2010: 50kWh) which is funded from the grant.

	2012	2011
<b>Municipal Infrastructure Grant</b>		
Balance unspent at beginning of year	11 482 115	(19 123 836)
Current year receipts	(74 224 000)	(33 943 578)
Conditions met - transferred to revenue	62 741 885	64 549 529
	<b>-</b>	<b>11 482 115</b>

	2012	2011
<b>Municipal Systems Improvement Grant</b>		
Balance unspent at beginning of the year	(1 296 471)	(561 724)
Current year receipts	(790 000)	(750 000)
Conditions met - transferred to revenue	656 842	15 253
	<b>(1 429 629)</b>	<b>(1 296 471)</b>

Conditions still to be met - remain liabilities (see note 16)

	2012	2011
<b>Financial Management Grant</b>		
Balance unspent at beginning of year	(1 931 594)	(2 220 756)
Current year receipts	(1 450 000)	(1 199 280)
Conditions met - transferred to revenue	2 878 351	1 488 442
	<b>(703 243)</b>	<b>(1 931 594)</b>

Conditions still to be met - remain liabilities (see note 16)

	2012	2011
<b>Skills Development Grant</b>		
Balance unspent at beginning of year	(1 099 271)	(1 128 806)
Current year receipts	(502 462)	(546 848)
Conditions met - transferred to revenue	1 801 733	576 382
	<b>-</b>	<b>(1 099 272)</b>

Conditions still to be met - remain liabilities (see note 16)

	2012	2011
<b>Expanded Public Works Programme Incentive</b>		
Balance unspent at beginning of year	(641 000)	-
Current year receipts	(2 493 000)	(641 000)

# Newcastle Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

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	2012	2011 Restated
<b>22. Government grants and subsidies (continued)</b>		
Conditions met - transferred to revenue	159 905	-
	<u>(2 974 095)</u>	<u>(641 000)</u>
Conditions still to be met - remain liabilities ( see note 16)		
<b>Environmental Management Framework</b>		
Balance unspent at beginning of year	(1 500 000)	(1 500 000)
Current year receipts	(400 000)	-
Conditions met - transferred to revenue	546 500	-
	<u>(1 353 500)</u>	<u>(1 500 000)</u>
Conditions still to be met - remain liabilities (see note 16)		
<b>Neighbourhood Development Partnership</b>		
Balance unspent at beginning of year	(2 593 595)	-
Current year receipts	(27 060 000)	(7 170 187)
Conditions met - transferred to revenue	17 423 252	4 576 592
	<u>(12 230 343)</u>	<u>(2 593 595)</u>
Conditions still to be met - remain liabilities (see note 16)		
<b>Electrification Grant</b>		
Balance unspent at beginning of year	(851 967)	-
Current year receipts	(8 000 000)	(6 959 440)
Conditions met - transferred to revenue	4 541 818	8 107 473
	<u>(4 310 149)</u>	<u>(851 967)</u>
Conditions still to be met - remain liabilities (see note 16)		
<b>Water services operating &amp; masification subsidies</b>		
Balance unspent at beginning of year	4 579 553	(444 433)
Current year receipts	(20 330 000)	(7 152 534)
Conditions met - transferred to revenue	8 549 257	12 176 521
	<u>(7 201 190)</u>	<u>4 579 554</u>
Conditions still to be met - remain liabilities (see note 16)		
<b>Disaster relief subsidy</b>		
Balance unspent at beginning of year	(67 707)	(115 000)
Current year receipts	(12 881 797)	-
Conditions met - transferred to revenue	12 949 504	47 293
	<u>-</u>	<u>(67 707)</u>
Conditions still to be met - remain liabilities (see note 16)		
<b>KwaMathukuza Housing Project</b>		
Balance unspent at beginning of year	(11 651 898)	(11 045 786)
Current year receipts	(1 903 117)	(656 429)
Conditions met - transferred to revenue	-	50 316
	<u>(13 555 015)</u>	<u>(11 651 899)</u>
Conditions still to be met - remain liabilities (see note 16)		

# Newcastle Municipality

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## Notes to the Annual Financial Statements

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	2012	2011 Restated
<b>22. Government grants and subsidies (continued)</b>		
<b>Construction of Madadeni 4 Subsidy</b>		
Balance unspent at beginning of year	(7 000 000)	(7 000 000)
Conditions still to be met - remain liabilities (see note 16)		
<b>JBC Housing Project</b>		
Current year receipts	(4 500 000)	-
Conditions still to be met - remain liabilities (see note 16)		
<b>Other Government Grants and Subsidies</b>		
Balance unspent at beginning of year	(17 722 184)	(26 592 425)
Current year receipts	(7 708 230)	-
Conditions met - transferred to revenue	2 991 445	8 877 059
Grants written off	(999 367)	-
	<b>(23 438 336)</b>	<b>(17 715 366)</b>
Conditions still to be met - remain liabilities (see note 16)		
<b>Changes in level of government grants</b>		

Based on the allocations set out in the Division of Revenue Act, (Act 1 of 2011), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

# Newcastle Municipality

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## Notes to the Annual Financial Statements

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	2012	2011 Restated
<b>23. General expenses</b>		
Advertising	1 383 596	1 535 166
Assessment rates & municipal charges	4 115 082	1 352 091
Auditors remuneration	2 533 856	2 147 489
Bank charges	1 820 013	1 572 394
Commission paid	41 261	-
Consulting and professional fees	950 363	1 557 974
Entertainment	566 476	493 829
Government grant reserve	-	68 191 356
Hire	8 526	-
Insurance	2 582 394	2 190 395
IT expenses	2 512 576	40 666
Lease rentals on operating lease	8 109 437	4 914 118
Supervision/Dept transport	375 659	497 587
Magazines, books and periodicals	264 982	307 823
Medical expenses	9 737	-
Motor vehicle expenses	2 418 018	(1 266 239)
Grant donation expenditure	44 200 137	23 511 968
Subsistence and travel	3 054 215	2 382 180
Fuel and oil	290 821	285 379
Postage and courier	1 904 035	2 099 335
Printing and stationery	2 515 462	2 579 433
Promotions	592 553	454 409
Royalties and license fees	10 891	-
Subscriptions and membership fees	2 137 792	1 802 114
Telephone and fax	6 503 739	4 577 005
Training	1 529 383	1 341 053
Assets expensed	280 382	117 115
Other expenses	25 130 505	37 410 817
Administration expenses	26 631 200	2 929 078
Material	(185 637)	882 192
Protective clothing	2 210 857	1 788 887
Signage	759 052	781 310
Veterinary department	7 126 049	8 699 764
Chemicals	273 241	250 434
	<b>152 656 453</b>	<b>173 207 122</b>



# Newcastle Municipality

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<b>24. Employee related costs</b>					
Basic				134 318 929	103 260 782
Medical aid - company contributions				11 834 457	10 790 036
UIF				1 388 144	1 239 108
Leave pay provision charge				9 879 770	8 251 001
Post-employment benefits - Pension - Defined contribution plan				23 147 648	20 951 820
Travel, motor car, accommodation, subsistence and other allowances				1 262 440	1 105 559
Overtime payments				21 384 722	19 244 223
Long-service awards				655 051	770 571
Car allowance				16 314 876	13 832 510
Housing benefits and allowances				7 057 661	7 232 033
Group insurance				3 357 287	2 793 890
				<b>230 600 985</b>	<b>189 471 533</b>
<b>Remuneration of municipal manager</b>					
Annual Remuneration				1 329 787	1 200 000
<b>Remuneration of chief finance officer</b>					
Annual Remuneration				982 748	856 281
<b>Remuneration of executive directors</b>					
Annual Remuneration				4 769 083	3 199 438
<b>2012</b>	SED Technical Services	Manager: Internal Audit	Manager: Legal Services	Chief of Operations	Total
Annual Remuneration	940 847	771 380	1 105 854	820 549	3 638 630
<b>2012</b>			SED Corporate Services	SED: Community Services	Total
Annual Remuneration			979 996	150 456	1 130 452
<b>2011</b>			Manager: Legal Services	Chief of Operations	Total
Annual Remuneration			856 281	769 989	3 199 438

# Newcastle Municipality

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## Notes to the Annual Financial Statements

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		2012	2011 Restated
<b>25. Remuneration of councillors</b>			
Mayor		440 339	641 996
Deputy Mayor		295 587	502 303
Executive Committee Members		2 464 977	4 347 556
Speaker		310 614	502 309
Councillors		5 953 516	8 791 440
Councillors' pension contribution		1 308 933	-
Councillors Allowances		5 419 222	-
		<b>16 193 188</b>	<b>14 785 604</b>
<b>2012</b>			
Public Office Allowance	Mayor	Deputy Mayor	Speaker
Travel Allowance	440 339	295 587	310 614
Cellphone Allowance	158 836	127 069	127 069
Housing Allowance	18 840	18 672	18 840
Reimbursement	24 000	24 000	24 000
Contributions to Medical and Pension Fund	23 282	20 755	30 222
	20 851	63 378	52 326
	<b>686 148</b>	<b>549 481</b>	<b>563 071</b>
<b>2011</b>			
Annual remuneration	Mayor	Deputy Mayor	Speaker
Allowances	424 689	294 829	286 456
Contributions	205 139	162 970	162 585
	12 168	44 504	53 288
	<b>641 996</b>	<b>502 303</b>	<b>502 309</b>

### In-kind benefits

The Mayor, Deputy Mayor, Speaker and Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Mayor has the use of a Council owned vehicle for official duties.

The Mayor has full-time bodyguards. The Deputy Mayor has a full time driver.

### 26. Electricity Distribution Losses

Purchases (KWH)	714 471 783	734 524 963
Sales (KWH)	675 805 610	702 190 359
Loss of Units	38 666 172	33 334 603
% Loss	5	4
Estimated cost per unit - Cents	37	28
Estimated cost of loss	14 189 889	9 214 432
There is two (2) factors that influence Electrical Losses. Technical and Non-Technical Losses. The Technical losses for Newcastle is between 5% & 6%. The Non-Technical is faulty meters and theft.	-	-
	<b>-</b>	<b>-</b>

### 27. Operating lease

Operating lease payments represent rentals payable by the municipality for certain of office and computer equipment.

At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:

#### Operating lease-lessee

# Newcastle Municipality

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	2012	2011 Restated
<b>27. Operating lease (continued)</b>		
Within one year	2 900 456	3 204 036
In the second to fifth year inclusive	1 917 973	4 898 116
	<b>4 818 429</b>	<b>8 102 152</b>
<b>28. Rental of facilities and equipment</b>		
<b>Premises</b>		
Staff flats	3 317 624	1 237 506
Venue hire	361 842	395 627
Other	2 023 708	1 019 237
	<b>5 703 174</b>	<b>2 652 370</b>
<b>29. Contracted services</b>		
Agents fees	6 940 013	4 760 558
Consultant fees	10 590 970	7 468 671
	<b>17 530 983</b>	<b>12 229 229</b>
<b>30. Bulk purchases</b>		
Electricity	349 411 144	283 223 432
<b>31. Cash generated from operations</b>		
Surplus (deficit)	189 615 373	(217 024 276)
<b>Adjustments for:</b>		
Depreciation and amortisation	219 845 295	221 236 027
Share of losses in associates	112 405 248	90 008 926
Fair value adjustments	44 861 862	(10 806 221)
Finance costs	6 650 041	5 868 998
Impairment deficit	334 836	-
Debt impairment	(167 508 385)	174 890 129
Capitalisation of landfill site	(22 494 322)	-
Movements in provisions	7 126 049	18 657 137
Landfill site provision adjustment	(28 271 103)	-
Interest earned	(23 125 136)	(25 090 778)
Other non cash items	159 954 170	3 352 769
<b>Changes in working capital:</b>		
Inventories	(1 169 806)	327 627
Trade and other receivables from exchange transactions	(11 442 301)	(27 180 167)
Consumer debtors	(282 664 988)	-
Trade and other payables from exchange transactions	76 750 200	47 387 715
VAT	(14 501 988)	(7 136 738)
Unspent conditional grants and receipts	48 388 560	(19 471 868)
Consumer deposits	(1 401 210)	(55 083)
	<b>190 184 621</b>	<b>255 162 197</b>
<b>32. Contingencies</b>		

There is a litigation in process against the municipality relating to a dispute with SJ Zulu , who is seeking damages of R20 million. The outcome of the matter is pending High Court action.

# Newcastle Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

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2012

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Restated

### 33. Change in estimate

#### Property, plant and equipment

The useful life of the Landfill Site was revised in the current year and extended by additional 5 years with effect from 1 July 2012. This revision will have an impact of an additional R4.5 million on the depreciation charge for the future periods.

### 34. Risk management

#### Capital risk management

The municipality's objectives when managing capital are to safeguard the municipality's ability to continue as a going concern in order to provide returns for member and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the municipality monitors capital on the basis of the gearing ratio.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents.

There are no externally imposed capital requirements.

There have been no changes to what the municipality manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

#### Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance. The municipality uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (entity treasury) under policies approved by the accounting officer. Municipality treasury identifies, evaluates and hedges financial risks in close co-operation with the municipality's operating units. The accounting officer provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

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### 34. Risk management (continued)

#### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

#### Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

The municipality analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the municipality calculates the impact on surplus and deficit of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies.

Based on the various scenarios, the municipality manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Generally, the municipality raises long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the municipality borrowed at fixed rates directly. Under the interest rate swaps, the municipality agrees with other parties to exchange, at specified intervals (primarily quarterly), the difference between fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional amounts.

#### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

No credit limits were exceeded during the reporting period, and management does not expect any deficits from non-performance by these counterparties.

# Newcastle Municipality

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### 35. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality.

### 36. Fruitless and wasteful expenditure

Fruitless and wasteful expenditure - Phelandaba swimming pool

1 216 317

582 229

The contractor was appointed to build a swimming pool in Phelandaba Sportfield. The project was abandoned due to incorrect specifications. The contract was terminated during the current financial year with costs to the municipality.

### 37. Irregular expenditure

#### Details of irregular expenditure – current year

Below are suppliers in which there are family members of the persons in the service of the municipality

Meissie Shabalala  
Xolani David Dube  
Amanda Phumla Kheswa  
Ajith Harilal

Legent International Trading  
Sizisa Ukhanyo Trading 471 CC  
Seasons find 938  
Super Lite Trading Enterprise

315 821

313 874

322 050

149 329

1 101 074

# Newcastle Municipality

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## Notes to the Annual Financial Statements

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### 37. Irregular expenditure (continued)

#### Details of irregular expenditure not condoned

##### Compactor:

1 861 050

-

During the financial year, a refuse compactor truck was purchased for an amount of R1 861 050 from Stucky Motors. A competitive bidding process was not followed by the municipality as the purchase was treated as an emergency in terms of MSCMR 36. This transaction was brought about by poor procurement planning and negligence on the part of the municipality for not identifying the need to maintain and repair the assets.

##### Financial Services

3 210 232

-

A bid number 38/2011 was awarded to Thabani Zulu and Co, despite the fact that this company was the most expensive bidder. The reason for recommending and awarding this tender was that the other bidders' prices were not fixed and that the price of Thabani Zulu was fixed. However, there was also a variation order of R670 000 issued in favour of Thabani Zulu and Co, for the same bid number. This contradicts the motivation of awarding the tender to the preferred bidder. This award is considered to be irregular spending as it was unfairly awarded to the preferred bidder and the resources of the municipality were not used economically.

##### Asset Management Services

1 552 878

-

The municipality procured the asset management services in terms of MSCMR 36 by awarding contract to PRAGMA for an amount of R1 552 878.35. The municipality deviated from SCM processes and procedures because there was not enough time to follow the bidding process. This deviation could have been avoided if the municipality took necessary precautions and steps to prevent the deviation by following SCM processes and procedures early during the financial period.

##### Engineers and Printers

6 683 742

-

The municipality engaged Nqabashe Consulting Engineers and Bytes Doc-Sol Xerox without following the tender process in contravention of Municipal Supply Chain Regulations.

##### Cheque Fraud

10 357 403

-

The municipality was defrauded out of R10.3 million during 2009/2011 financial. The Hawks are in the process of conducting the investigation, and Council is confident that the monies stolen will be recovered, and have initiated legal proceedings in an attempt to recover these funds. The municipality believes that this money is recoverable and is doing everything in its power to recover this money.

##### Construction

-

# Newcastle Municipality

Annual Financial Statements for the year ended 30 June 2012

## Notes to the Annual Financial Statements

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### 37. Irregular expenditure (continued)

The contractor was awarded the contract without following the tender processes.

199 876

-

-

### 38. Newcastle Municipal Non-contributory Provident Fund

Newcastle Municipality created the provident fund for the benefit of its retired employees. The amount of R746 307.12 was invested in two investment accounts with ABSA in the name of Newcastle Municipality. The Provident Fund is under the control of the Council of the Newcastle Municipality.

### 39. Actual operating expenditure versus budgeted operating expenditure

Refer to Appendix C for the comparison of actual operating expenditure versus budgeted expenditure.

### 40. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

Goods and services were procured during the financial year under review and the process followed in procuring those goods deviated from the provisions of paragraph 12(1)(d)(i) as stated above. The reasons for these deviations were documented and reported to the accounting officer who considered them and subsequently approved the deviation from the normal supply chain management regulations. Refer to appendix F for further details. The breakdown of deviations are as follows:

#### Deviations

Section 16	1 214 347	-
Section 17	475 333	-
Section 36	3 902 311	-
	<b>5 591 991</b>	<b>-</b>

### 41. Additional Disclosures in terms of MFMA

#### Audit fees

	2012	2011
Current year audit fee	1 588 788	2 147 489
Amount paid - current year	(1 588 788)	(2 147 489)
	<b>-</b>	<b>-</b>

#### Contributions to organised local government

	2012	2011
Council subscriptions	53 361	191 672
Amount paid - current	(53 361)	(191 672)
	<b>-</b>	<b>-</b>

#### VAT

VAT input receivable/payables are shown in Note 11.



# Newcastle Municipality

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## Notes to the Annual Financial Statements

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	2012	2011 Restated
<b>PAYE and UIF</b>	2012	2011
Current year payroll deductions	32 312 516	25 471 406
Amount paid - current year	(32 312 516)	(25 471 406)
	-	-
<b>Pension and Medical Aid Deductions</b>	2012	2011
Current year payroll deductions and Council Contributions	60 259 085	43 641 586
Amount paid - Current Year	(60 259 085)	(43 641 586)
	-	-

### Councillors arrear consumer accounts 2012

	Less than 90 Days	Over 90 Days	Total
Cllr MV Buhlali *	366	42 971	43 337
Cllr DJZ Nkosi	184	2 086	2 270
Cllr EM Nyembe	179	1 753	1 932
Cllr NP Kunene	820	-	820
Cllr FP Gama	195	422	617
Cllr MS Mlangeni	391	4 410	4 801
Cllr MO Mdlalose	386	1 991	2 377
Cllr MV Buhlali	428	3 926	4 354
Cllr RN Mdluli	865	730	1 595
Cllr MM Bhakiswayo	694	-	694
Cllr MS Mlangeni	589	4 582	5 171
Cllr ZJ Mbatha	574	1 553	2 127
Cllr SJ Zulu	710	649	1 359
Cllr MS Mlangeni	757	-	757
Cllr SSE Buthelezi *	1 009	7 862	8 871
Cllr NE Zwane *	970	5 837	6 807
Cllr JK Gabuza	-	3 078	3 078
Cllr LT Ntshangase	1 980	-	1 980
Cllr ME Zwane	1 222	7 630	8 852
Cllr MM Zwane *	1 124	14 524	15 648
Cllr MP Ngobese	1 755	53 853	55 608
Cllr DO Shabalala	1 284	8 156	9 440
Cllr CN Mkhize	2 738	30 395	33 133
Cllr TM Zulu	2 859	132	2 991
Cllr CN Mkhize	4 114	24 287	28 401
Cllr EM Zungu	4 716	7 989	12 685
	<b>30 909</b>	<b>228 796</b>	<b>259 705</b>

### Councillors arrear consumer accounts 2011

	Outstanding less than 90 days	Outstanding more than 90 days	Total
Cllr M.V. Buhlali	298	41 618	41 914
Cllr SSE Buthelezi	394	15 760	16 154
JK Gabuza	-	5 559	5 559
Cllr SBM Lukhele	-	762	762
Cllr MP Mazibuko	1 107	41 720	42 827
Cllr ZJ Mbatha	-	555	555
Cllr RN Mdluli	507	2 666	3 173
Cllr CN Mkhize	3 141	27 917	31 058
Cllr MS Mlangeni	1 784	46 227	47 991
Cllr NJ Ngobese	662	41 302	41 964
Cllr EM Nyembe	75	566	641
Cllr DO Shabalala	550	6 726	7 276
Cllr MF Zikhali	207	2 605	2 812
Cllr SJ Zulu	388	2 792	3 180
Cllr EM Zungu	307	39 503	39 810
Cllr ME Zwane	1 309	19 415	20 724

# Newcastle Municipality

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	2012	2011 Restated
	<u>10 709</u>	<u>295 691</u>
		<u>306 400</u>

It must be noted that some of the Councillors had long outstanding debt before they were elected. Debt Collection Task Team resolved that Bigen Africa enter into an agreement with Councillors to address outstanding councilor accounts to be compliant with section 12A of the Code of Conduct which states that a councilor may not be in arrears to the Municipality for rates and service charges for a period longer than 3 months

\* These councillors have made payment arrangements with the municipality.

### 42. Capital commitments

#### Approved and contracted for

	2012	2011
Infrastructure Assets	64 583 731	44 061 119
Community Assets	1 688 843	10 626 178
Heritage Assets	-	25 683
Land and Buildings	-	4 255 209
Other Assets	-	17 136 509
	<u>66 272 574</u>	<u>76 104 698</u>

#### Approved but not yet contracted for

	2012	2011
Infrastructure Assets	27 672 753	191 735 000
Community Assets	3 550 351	11 700 000
Land and Buildings	7 103 555	76 815 500
Other Assets	31 405 615	32 595 250
	<u>69 732 274</u>	<u>312 845 750</u>

#### This expenditure will be financed from

	2012	2011
External Loans	26 306 057	169 495 000
Government Grants	91 670 900	61 000 000
Own Resources	18 027 893	82 350 750
	<u>136 004 850</u>	<u>312 845 750</u>

### 43. Investment income

#### Interest earned

	2012	2011
Bank	<u>23 125 136</u>	<u>25 090 778</u>

# **NEWCASTLE MUNICIPALITY**

## **APPENDIX A**

### **SCHEDULE OF EXTERNAL LOANS**

**FOR THE ENDED 30 JUNE 2012**

<b>EXTERNAL LOANS</b>	<b>Loan number</b>	<b>Redeemable Date</b>	<b>Balance at 30 June 2011</b>	<b>Interest capitalised during the year</b>	<b>Received during the period</b>	<b>Redeemed / written off during the period</b>	<b>Balance at 30 June 2012</b>
<b>LONG-TERM LOANS</b>							
DBSA - 17 100 185 @ 9.26%	101965/1	2015/06/30	8 480 751.98	747 013.74	-	(1 293 373.70)	7 934 392.02
DBSA - 1 405 000 @ 9.10%	101965/2	2010/06/30	-	-	-	-	-
DBSA - 3 614 800 @ 9.31%	102322/1	2011/06/30	-	-	-	-	-
DBSA - 8 585 000 @ 9.40%	102322/2	2013/06/30	3 273 575.69	273 539.23	-	(917 396.68)	2 629 718.24
DBSA - 3 343 000 @ 9.45%	102322/3	2016/06/30	1 273 911.25	136 810.22	448 736.76	(217 899.81)	1 641 558.42
DBSA - 24 285 550 @ 9.37%	102322/4	2021/06/30	14 156 593.43	1 408 604.26	2 039 111.25	(1 259 548.10)	16 344 760.84
DBSA - 25 993 166 @ 9.10%	102653/1	2011/12/31	17 766 017.27	1 970 591.75	-	(2 698 199.20)	17 038 409.82
DBSA - 1 150 000 @ 9.20%	102653/2	2021/12/31	378 746.36	32 472.13	-	(276 185.34)	135 033.15
DBSA - 2 000 000 @ 11.85%	103131/1	2015/09/30	-	102 697.76	1 627 570.25	(162 121.71)	1 568 146.30
DBSA - 3 200 000 @ 11.64%	103131/2	2016/09/30	2 704 909.46	372 918.21	-	(679 999.95)	2 397 827.72
DBSA - 2 750 000 @ 11.45%	103131/3	2018/09/30	2 060 727.52	301 147.48	304 703.60	(474 621.20)	2 191 957.40
DBSA - 12 750 000 @ 11.29%	103131/4	2023/09/30	4 502 133.83	915 408.92	5 275 593.14	(1 427 802.73)	9 265 333.16
DBSA - 1 975 000 @ 11.25%	103131/5	2028/09/30	813 725.19	127 912.44	254 847.12	-138 919.20	1 057 565.55
DBSA - 960 000 @ 9.72%	103462/1	2017/06/30	-	35 101.64	813 652.61	-	848 754.25
DBSA - 800 000 @ 10.09%	103462/2	2019/06/30	-	33 275.45	743 037.37	-	776 312.82
DBSA - 7 000 000 @ 10.69%	103462/3	2027/06/30	-	330 509.48	6 966 009.54	-	7 296 519.02
DBSA - 1850 000 @ 10.83%	103462/4	2032/06/30	-	69 007.50	1 435 840.36	-	1 504 647.86
<b>Total long-term loans</b>			<b>55 411 092</b>	<b>6 389 116</b>	<b>9 950 562</b>	<b>(9 546 068)</b>	<b>72 630 937</b>
<b>TOTAL EXTERNAL LOANS</b>			<b>55 411 092</b>			<b>(9 546 068)</b>	<b>72 630 937</b>

## NEWCASTLE MUNICIPALITY

as at 30 June 2012												
	Cost				Accumulated Depreciation							Carrying Value
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance	Transfers	Capitalisation of landfill site	
	R	R	R	R	R	R	R	R	R	R	R	R
Land												
Land	78,090,000	2,640,730	-	80,730,730	-	-	-	-	-	-	22,494,322	103,225,052
	78,090,000	2,640,730	-	80,730,730	-	-	-	-	-	-	22,494,322	103,225,052
Buildings												
Buildings	92,820,283	73,452	-	92,693,735	(43,850,152)	(1,481,995)	-	-	(45,312,146)	18,043,063	-	65,424,652
Infrastructure												
Roads	1,176,507,152	-	-	1,176,507,152	(403,831,834)	(202,320,573)	-	-	(608,152,407)	50,334,294	-	820,689,039
Electricity Network	151,121,968	-	-	151,121,966	(15,641,403)	(8,857,966)	-	-	(22,499,369)	1,463,897	-	130,086,493
Work in progress	261,028,592	170,365,095	-	431,393,687	-	-	-	(300,000)	(300,000)	(70,719,436)	-	360,372,251
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	-	-	-	-	-	-	-	-	-	-	-	-
	-											

**NEWCASTLE MUNICIPALITY**  
**APPENDIX B**  
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT**  
as at 30 June 2012

	Cost				Accumulated Depreciation					Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance	Transfers	
	R	R	R	R	R	R	R	R	R	R	R
<b>Total brought forward</b>	1,759,365,992	173,079,277	-	1,932,445,269	(463,323,388)	(210,640,534)	-	(300,000)	(674,263,922)	(878,182)	1,279,797,487
<b>Other Assets</b>											
Community Assets	508,898	-	-	508,898	(3,042)	(3,042)	-	-	(6,084)	-	502,814
Heritage Assets	2,808,361	1,755	-	2,808,116	-	-	-	-	-	-	2,808,116
Motor vehicles	38,937,723	1,832,500	-	40,570,223	(10,590,181)	(3,414,821)	-	-	(14,004,802)	-	26,565,421
Furniture and Equipment	33,526,625	2,632,503	-	36,159,128	(10,066,535)	(3,748,726)	-	(34,836)	(13,850,097)	-	22,309,031
Other Assets	2,517,181	790,344	-	3,307,505	(835,689)	(1,950,022)	-	-	(2,765,711)	878,182	1,399,976
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	76,296,769	5,057,101	-	83,353,871	(21,495,446)	(9,116,411)	-	(34,836)	(30,646,693)	878,182	53,685,359
<b>Finance Lease Assets</b>											
Office Equipment	-	23,000	-	23,000	-	(1,917)	-	-	(1,917)	-	21,083
Computer Equipment	-	376,360	-	378,360	-	(15,765)	-	-	(15,765)	-	362,595
	-	401,360	-	401,360	-	(17,682)	-	-	(17,682)	-	383,678
<b>Total</b>	<b>1,837,662,761</b>	<b>178,537,739</b>	<b>-</b>	<b>2,016,200,500</b>	<b>(484,818,835)</b>	<b>(219,774,626)</b>	<b>-</b>	<b>(334,836)</b>	<b>(704,928,297)</b>	<b>-</b>	<b>1,333,766,526</b>

**NEWCASTLE MUNICIPALITY**  
**APPENDIX B**  
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT**  
as at 30 June 2011

	Cost			Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Operating Balance	Additions	Disposals	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss			
	R	R	R	R	R	R	R	R	R	R	R
<b>Land</b>	78,090,000	-	-	78,090,000	-	-	-	-	-	-	78,090,000
<b>Land</b>	78,090,000	-	-	78,090,000	-	-	-	-	-	-	78,090,000
<b>Buildings</b>	90,649,700	1,970,593	-	92,820,283	(42,449,034)	(1,401,118)	-	-	(43,850,152)	-	48,770,131
<b>Infrastructure</b>	1,178,507,152	-	-	1,176,507,152	(202,209,888)	(201,621,948)	-	-	(403,831,834)	-	772,875,318
Roads	151,121,968	-	-	151,121,966	(8,804,798)	(6,836,605)	-	-	(15,641,403)	-	135,480,563
Electricity Network	58,180,324	204,846,268	-	261,026,592	-	-	-	-	-	-	261,026,592
Work in Progress	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
	1,383,809,441	204,846,268	-	1,588,655,709	(211,014,686)	(208,458,551)	-	-	(418,479,237)	-	1,169,182,472
<b>Total carried forward</b>	1,552,549,141	206,816,851	-	1,759,365,992	(253,463,720)	(209,859,659)	-	-	(463,323,388)	-	1,296,042,504

## as at 30 June 2011

as at 30 June 2011												
	Cost			Accumulated Depreciation							Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance	Transfers		
	R	R	R	R	R	R	R	R	R	R	R	
Total brought forward	1,552,549,141	208,816,851	-	1,759,365,992	(253,463,720)	(209,859,669)	-	-	(463,323,388)	-	1,298,042,804	
Other Assets												
Community Assets	-	508,898	-	508,898	-	(3,042)	-	-	(3,042)	-	505,856	
Heritage Assets	2,780,000	26,361	-	2,806,361	-	-	-	-	-	-	2,806,361	
Motor vehicles	31,988,638	8,949,087	-	38,937,723	(5,043,239)	(5,546,942)	-	-	(10,580,181)	-	28,347,542	
Furniture and Equipment	29,564,389	3,962,236	-	33,526,625	(4,798,695)	(5,267,840)	-	-	(10,066,535)	-	23,460,090	
Other Assets	2,517,181	-	-	2,517,161	(353,218)	(482,470)	-	-	(835,689)	-	1,681,473	
	-	-	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	-	-	-	
Finance Lease Assets												
Office Equipment	68,850,187	11,448,683	-	78,296,769	(10,195,152)	(11,300,295)	-	-	(21,495,446)	-	56,801,323	
Computer Equipment	-	-	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	-	-	-	
Total	1,819,399,328	218,263,433	-	1,837,662,761	(263,658,871)	(221,159,963)	-	-	(484,818,835)	-	1,352,843,927	

NEWCASTLE MUNICIPALITY  
APPENDIX C

STATEMENT OF COMPARATIVE AND ACTUAL INFORMATION  
as at 30 June 2012

Description	Original Budget 1	Budget Adjustments (i.t.o. s28 & s31 Of The MFMA) 2	Virement (i.t.o. Council Approved By- law) 3	Final Budget 4	Actual Income 5	Variance 7	% Variance 8	Actual Outcome As % Of Original Budget 9
	R	R	R	R	R	R	R	R
<b>Financial Performance</b>								
Property Rates	153,175,000	-	-	153,175,000	157,893,000	4,718,000	3%	103%
Service Charges	741,425,000	710,797,000	-30,628,000	710,797,000	683,860,407	-26,936,593	-4%	92%
Investment Revenue	19,017,000	16,942,000	-2,075,000	16,942,000	23,125,136	6,183,136	36%	122%
Transfers Recognised	314,753,000	320,672,000	5,919,000	320,672,000	353,567,493	32,895,493	10%	10%
Other Own Revenue	36,705,000	49,582,000	12,877,000	49,582,000	201,604,594	152,022,594	307%	414%
<b>Total Revenue (Excluding Capital Transfers &amp; Contributions)</b>	1,265,075,000	1,097,993,000	-13,907,000	1,251,168,000	1,420,050,630	168,882,630		
Employee Costs	248,853,000	223,844,000	-25,009,000	223,844,000	230,600,985	6,756,985	3%	93%
Remuneration Of Councillors	12,616,000	13,917,000	1,301,000	13,917,000	16,193,188	2,276,188	16%	128%
Debt Impairment						0		
Depreciation & Asset Impairment	227,213,000	227,213,000	-	227,213,000	219,845,295	-7,367,705	-3%	97%
Finance Charges	13,772,000	9,062,000	-4,710,000	9,062,000	6,850,041	-2,411,959	-27%	48%
Materials & Bulk Purchases	374,378,000	374,013,000	-365,000	374,013,000	349,411,144	-24,601,856	-7%	93%
Transfers & Grants	52,000					0		0
Other Expenditures	801,688,000	579,899,000	-21,789,000	579,899,000	373,637,288	-206,261,732	-36%	62%
<b>Total Expenditure</b>	1,478,552,000	1,427,948,000	-50,552,000	1,427,948,000	1,196,337,921	-231,610,079		
<b>Surplus/(Deficit)</b>	-213,477,000	-329,955,000	36,645,000	-178,780,000	223,712,709	-62,727,449		
Fair Value Adjustments					-42,771,284			
<b>Surplus/(Deficit) After Capital Transfers &amp; Contributions</b>	-213,477,000	-329,955,000	36,645,000	-178,780,000	180,941,445	-62,727,449		
Share Of Surplus/(Deficit) Of Associate					-31,105,451			
<b>Surplus/(Deficit) For The Year</b>	-213,477,000	-329,955,000	36,645,000	-178,780,000	149,835,994	-62,727,449		
<b>Capital Expenditure &amp; Funds Sources</b>								
Capital Expenditure	284,497,000	303,013,000	18,516,000	303,013,000				
Transfers Recognised - Capital								
Public Contributions & Donations								
Borrowing								
Internally Generated Funds								
<b>Total Sources Of Capital Funds</b>								
						0	0	0
<b>Cash flows</b>								
Net Cash From (Used) Operating					190,184,621			
Net Cash From (Used) Investing					-148,984,454			
Net Cash From (Used) Financing					9,567,593			
<b>Cash/Cash Equivalents At The Year End</b>	0	0	0	0	50,767,760	0	0	0



**SECTION 36 DEVIATIONS APPROVED BY THE ACCOUNTING OFFICER : APPENDIX F 1**

Supplier	Item Description	Value	Reason(s)
Konoca Minolta	Boxes Staples	R 2 341.08	Konica Minolta is the sole supplier of the Bizhub machines.
M&L LABORATORY	Testing of bore holes	R 3 500.00	M & L Laboratory Services are the only service providers and they are also accredited.
Drs Stef & Tom Ceiler	Euthanasia of animals	R 2 890.00	Only two service providers for this service in Newcastle.
Lexis Nexis	Road Traffic Act	R 807.12	LexisNexis is the only service provider accredited to supply subscription for the amendments to the Road Traffic Act.
M+L Laboratory	water sample	R 1 786.38	M & L Laboratory Services were the nearest specialized and cost effective service providers to render the required service.
Bell Equipment	Repairs to Bomag	R 22 263.01	Bell Equipment is the only service provider for the repairs/maintenance of the equipment.
G4S Security	Cash Bag	R 18 139.70	Contracted to G4S (Fidelity) is the only company to supply us with the security bags.
Professional Locking Solutions	Meter kiosk locks	R 18 228.60	This is a specialized item that is only manufactured and supplied by Professional Locking Solutions.
Klornac Engineering cc	Gas	R 28 902.12	This is a specialized item that is only available from Klornac Engineering cc.
Newcastle lock smith	Lockers	R 1 800.00	Only two suppliers in Town who can supply night later with master keys.
Insimbi Security Services	Security	R 6 915.98	A request was received from acting director: town planning to have additional security. It was decided to utilize the same security company to continue rendering the service used by the contractor Mr. Pitout to ensure continuity.
Babcock Equipment	Excavator	R 22 434.09	Babcock Equipment is the only service provider for the repairs/maintenance of the equipment.
Lexis Nexis	Food cosmet disinfectant	R 582.77	LexisNexis is the sole supplier of Environmental Health section regarding the amended Acts and Regulations pertaining to food cosmet disinfectant.
Nashua	Toner for fax machine	R 1 710.00	Nashua is the sole supplier of toner for this fax machine.
Hamilton Hydraulic Services CC	Hydraulic fluid	R 1 630.20	Hamilton Hydraulic Services is the sole supplier of the Hurst blue hydraulic fluid.
Ak Siv Construction	installation of blinds	R 4 993.20	Blinds have been installed in other offices by AK Siv Construction. This was the only supplier that responded when quotes were requested for the initial installation as per order no A0005530.
Itec	telephones for security staff	R 5 928.00	The newly appointed service provider is Itec and there is only their quotation as it has to be compatible with the new system installed in the Harding Street Offices, they will need to set up these telephones to the system.
Nashua	Plotting rolls	R 621.30	The wide format machine is on contract to the municipality and therefore we purchase this paper from them.

Royal Steel works	Rakes	R	8 000.00	Truvelo Manufacturers is the sole supplier of this equipment and the only firm that do field services.
Truvelo Manufactures	Speed timing device	R	7 306.33	The waste management section has requested that rakes be procured for Royal Steel Works as the rakes that are currently on stock are not suited for the work done by the Waste Management Section.
Wafa Wafa Sound System	Hiring of P.A system	R	5 358.00	Required in an emergency-Council Chamber PA system was out of order
Northern Cleaning Services	Vacuum Cleaner Filter bags	R	1 218.09	Authorised and sole supplier of WAP Machines
H.V. Test	Repairs to SSG 1100 surge generator	R	14 118.90	Sole service provider and Agent for equipment
Farad Engineers (PTY) LTD	Repairs to Sub station Lennoxton and Riverside	R	13 565.16	Sole service provider and Agent for equipment
Farad Engineers (PTY) LTD	Repairs to Sub station Lennoxton and Riverside	R	13 565.16	Sole service provider and Agent for equipment
Aqua Transport & Plant Hire (PTY)LTD	Hiring of Front loader 986	R	56 875.00	Only service provider with this type of machine specification.
N.N Mowerman	Repair Jaws of Life(Power Plant)	R	1 020.00	Convenient process as plant needs to be stripped for more quotes.
Bell Equipment Sales SA (PTY) LTD	Repairs to front end loader	R	131 491.53	Sole service provider and Agent for equipment
Construction and Cutting Machine CC	Supply of Fire fighting nozzle	R	489.00	Sole service provider and Agent for equipment
Truvelo Manufacturers (PTY) LTD	Service & Calibrate speed timing devices	R	8 014.68	Sole service provider and Agent for equipment
Carnegie Art gallery Trust	Purchase of special Artwork	R	815.00	Acquisition of special work of art
S R Gwabani Construction CC	Supply fittings & Repair damages to Arbor Park Rugby change rooms and swimming pool	R	25 800.00	Quotation requested in an emergency-water is being wasted
Glassfit Newcastle	Supply and fit Side Window of car	R	957.37	Only supplier of this type of glass fitting service in Newcastle
Professional Locking Solutions	45mm Locks:meter kiosk/keyed alike	R	18 228.60	Sole supplier and manufacturer of specialised item
Klomac Engineering CC	Chlorine Liquid gas -70kg cylinder	R	28 902.12	Sole supplier and manufacturer of specialised item
S.E.Lauterbach & Associates	Survey of proposed Pump Station at Farm Blaubsosch	R	8 550.00	Urgent survey:Only two quotations responded within a 50km radius
Seasons Find 938 Trading as EZ	Water Tanker Deliveries for Six Days	R	15 846.00	Required in an emergency-water shortage in Madadeni and Osizweni Bulk Reservoir
Northern Cleaning Services	Vacuum Cleaner Filter Bags	R	440.60	Authorised and sole supplier of bags
Lexis Nexis	Subscription of Amendment to the Road Traffic Act	R	712.50	Sole service provider for the issue
South African National Standards	SABS and SANS books	R	2 105.58	Sole service provider and copyright for books
Newcastle Gangsters	Music Performance at Fort Amiel Museum	R	500.00	Exposure of New Kwaito Singing and Dance Group
Dereck's Plumbers	Replacement Stolen Pipes at Arbour Park Clubhouse	R	11 600.00	Required in an emergency-due to flooding and water wastage
Atlas Aviation Lubricants CC	AeroShell Fluid 41 Hydraulic Oil	R	1 052.23	Sole supplier and manufacturer of specialised oil
Northern Cleaning Services	Repairs to Scrubber/Dryer WAP CA551	R	3 306.55	Sole service provider and authorised agent for equipment
Juta and Company Limited	Subscription Fee for the Road Traffic Act Amendments	R	1 650.50	Sole service provider for the issue
Elba Chemicals	25 lt Drum Cleaner Busbar	R	20 748.00	Sole supplier and manufacturer of specialised chemicals
SE Lauterbach & Associates	Survey of proposed Pump Station at Farm Blaubsosch	R	8 550.00	Urgent survey:Only two quotations responded within a 50km radius
Mike's Boat Shop	Hiring of Boats	R	7 000.00	Requested in an emergency-event is already scheduled
V S Electrical	Electrical repairs to offices in Harding Street	R	1 567.50	Only service provider that understand the electric cables in the building
Construction & Cutting Machine CC	Pool Cleaning Equipment and Chemicals	R	12 071.50	Sole supplier of equipment and chemicals in Newcastle

Natal Scale Company CC	Calibration of Weighbridge and Purchase of UPS	R	23 210.40	Sole service provider and maintenance of weighbridge equipment
Nashua Maluti	Toner for Fax Machine	R	1 710.00	Sole supplier and manufacturer of toner for fax machine
Hillcrest Aid Centre Trust WM	Beaded Ottoman	R	10 265.00	Sole supplier of equipment for specialised work of art
Motor & Diesel Tech	Major Service for Isuzu Skip loading Truck	R	3 967.25	Maintenance requested in urgency- Truck is due for Major Service
Indodha Truck Centre	2600 hour Service for MAN Compactor Truck	R	10 172.51	Maintenance requested in urgency- Truck is due for 2600 hour Service by Agent
Millenium Mail Natal CC	IMH136 New modem for Franking Machine	R	1 710.00	Sole supplier of specialised equipment and license
Nashua Maluti	Copy Paper for GIS Wide Format Machine	R	1 368.00	Service provider is contracted to the Municipality
Champ Marketing	Festive Xmas Lights and Decoration for Newcastle	R	199 876.20	SCM processes could not be followed due to time constraints
Electronic Assemblies ( Pty) LTD	Refurbishment of 31Skva Mini Sub Station	R	119 952.80	Bid 36/2010-Urgency to complete Maintenance Plan for 2011/2012
Electronic Assemblies ( Pty) LTD	Refurbishment of 31S/373kva Mini Sub Station	R	88 581.21	Bid 36/2010-Urgency to complete Maintenance Plan for 2011/2012
Farad	Repairs to SFU transmitter & CPU for Substation	R	41 006.81	Sole Agent and service provider for specialised service and equipment
H.V. Test(Pty) LTD	Repairs to cable fault Locator	R	7 826.10	Sole Agent and service provider for Baur equipment in South Africa
Emerlo Truck & Tractor Centre	20000KM Service for Compactor Truck	R	7 203.12	Truck is due for 20000 km Warranty Service by Sole Authorised Agent
Dr Stef & Tom Cilliers	Dog & cats euthanasia	R	2 651.00	Sole service provider of specialist service.
Humidair	Equipment for Humidifier	R	1 795.50	Sole supplier of specialised equipment
Stanwood CC	Conservation material for Art Gallery	R	2 066.60	Sole supplier of conservation material
Lexis Nexis	Amendment of the Road Traffic Act issue 32	R	616.74	Sole service provider of specialised information
SCMR Security CC	Alarm Repairs at Bosch Hoek Dam Sub station	R	2 907.00	Repairs to alarm System required in Emergency
Home Fix	Repairs to Bar Fridge and Cooler At Show Hall	R	1 535.00	Repairs Required urgently before council meeting
Klomac Engineering CC	70kg Chlorine Liquid gas cylinders	R	30 164.40	Sole supplier of specialised equipment
Menmat Delta	60000km Warranty service	R	15 821.17	Authorized dealer for Isuzu vehicle
New Holland construction	750 hour Service to new Holland Grader	R	5 521.21	Sole Agent and service provider for specialised service to equipment
New Holland construction	750 hour Service to new Holland Grader	R	5 521.21	Sole Agent and service provider for specialised service to equipment
Motor & Diesel Tech	Remove & repair connector, compactor plates, hydraulic motor	R	20 953.20	Repairs required in emergency
Gijima	Chain Repairs to tractor trailer compactor	R	5 011.44	Sole service provider of equipment
Bell Equipment	Repairs to starter & pump Injection	R	88 176.67	Sole Agent and service provider for specialised service to equipment
Lexis Nexis	Amendment of the Road Traffic Act	R	1 106.94	Sole service provider of specialised information
Trans Atlantic Equipment (PTY) Ltd	Service & calibrate speed timing devices	R	13 851.00	Sole Agent and service provider for specialised service to equipment
Klomac Engineering CC	Servicing of Chlorinators	R	44 994.34	Sole service provider of equipment in the Province
Nashua Maluti	Rolls of copy paper for GIS	R	1 069.35	Sole service provider of special AO paper
Itec Newcastle office Solutions	Additional telephone points for staff members	R	6 840.00	Sole service provider in Newcastle for Itec Telephone Systems
ABB South Africa	Supply & Delivery of panel 1 @ sunsetview&Boshhoek s/station	R	397 015.26	Sole supplier ,manufacturer and service provider for equipment

ABB South Africa	Supply & delivery of panel 67 VD4LMT for B/hoek S/Station	R	256 669.86	Sole supplier ,manufacturer and service provider for equipment
ABB South Africa	Upgrade of Riverside with 11KV Vacuum Breakers	R	422 882.36	Sole supplier ,manufacturer and service provider for equipment
PRAGMA	Asset Register Verification Project			Not enough time to follow the bidding process
Trans Atlantic Equipment (PTY) Ltd	Service and calibrate speed timing devices	R	13 851.00	Sole supplier and service provider for equipment
Health professional council of SA	registration fees with Health Professionals Council SA	R	1 974.00	Statutory body whereby health professionals are affiliated to practice
Truvelo manufacturers(Pty)Ltd	Service and calibrate speed timing devices	R	8 014.68	Sole supplier and service provider for equipment
Emelo Truck & TractorCentre	40000KM warranty service for Compactor truck	R	4 543.98	Sole Agent and service provider for Trucks
Emelo Truck & TractorCentre	30000KM warranty service for Compactor truck	R	4 087.98	Sole Agent and service provider for Trucks
Print Inn	Engraved Fireman's Prayer on Gold plate	R	324.90	Uniformity of supplier for specialised work
Government Printing works	AARTO 01,31,32 Books for Traffic	R	7 209.90	Sole supplier of Aarto Stationery
Newcastle office shop	Pull out cradles for Filing system	R	10 377.36	Supplier approached was a participant in bid 35/2011
VS Electrical	Electrical installation at House & Land section-Nedbank building	R	2 758.80	Initial Service provider appointed who submitted compliance certificate
Amanda Construction	Install Desks in council chamber	R	17 356.50	Additional services from service provider who installed desks in council chamber
Konica Minolta	B920 Staples	R	4 001.48	Sole service provider for this type of machine in Newcastle
Fondy Treding	Catering	R	1 900.00	Catering for a budget meeting on short notice
Professional Locking Solutions	100 Master lock keys	R	1 710.00	Sole supplier and service provider for these keys
ABB South Africa	Repair of 20000 KVA transformer of townlands	R	10 589.86	Sole supplier and service provider for equipment
Automotor Traffic signals	Repair of traffic signals	R	72 122.10	Sole supplier and agent for traffic controllers
Advanced Digital Devices	Light link & timing devices	R	48 001.98	Sole manufacturer and service provider for equipment
Newcastle Gearbox Centre	Repairs to 10cm Toyota Nino Tipper	R	40 470.00	Urgent repair including stripping and assessing damage
Hlanganani Cranes	Repairs to Crane & issue safety certificate	R	45 590.88	Sole certified service provider in Newcastle
Carnegie Art Gallery Trust	Refreshments,gifts,labour,taxi fares for childrens day	R	3 151.35	Practical Art session for Children's day
Bell Equipment	Service of Bomag plant equipment	R	24 247.16	Sole service provider for specialised equipment
Uniclox Technologies	Renewal of licence	R	2 648.52	Sole service provider for Uniclox machines
Klornac Engineering	Chlorine Liquid gas cylinders	R	28 902.12	SABS approved service provider of specialist item
SAFIC(Pty)Ltd	60 Moisture repellent SAFDEM Aerosol 400ml	R	2 447.05	Sole manufacturer and service provider for item
Xtec Copicentre	Printing of agenda's for Councilors	R	62 235.40	Printing room copy machine breakdown-service provider sourced in emergency
BMS Computing	Remote control for digital clock in conference room	R	564.30	Innovation of digital clock installed by service provider
Xtec Copicentre	Printing of agenda's for Councilors	R	5 349.00	Printing room copy machine breakdown-service provider sourced in emergency
Xtec Copicentre	Printing of agenda's for EXCO & Council meetings	R	23 280.00	Printing room copy machine breakdown-service provider sourced in emergency
Scaw S.A (Pty) Ltd	45mm Tie down Sets	R	547.20	Sole supplier and SABS approved of load securing tools
Scaw S.A (Pty) Ltd	3T x2m SWR Sling	R	880.08	Sole supplier and SABS approved of load securing tools
Scaw S.A (Pty) Ltd	43/4 D Shackle	R	182.40	Sole supplier and SABS approved of load securing tools
TT Xaba	Table owned by Samuel Xaba used by Chief Albert Luthuli	R	600.00	Historical furniture
PG Kumlehn	Collection of seconhand books	R	550.00	Historical interest to the Museum

SW du Plessis	Milk Pail(lithunga) made by a Zulu Gentleman at vryheid farm	R	250.00	Special work of art
Carnegie Art Gallery Trust	Tin Biplane, Helicopter and Zulu pot	R	485.00	Special work of art
Carnegie Art Gallery Trust	Matchstick vehicle and Zulu headrest	R	1 270.00	Special work of art
Carnegie Art Gallery Trust	Wood carving of Shembe's praying	R	2 600.00	Special work of art
Drs Steff & Tom Cilliers	Euthanasia of cats and dogs	R	2 937.00	Sole service provider in Newcastle for euthanasia
Print Inn	Engraved Fireman's Prayer* on Gold Plate	R	649.80	uniformity of specialised item previously supplied
Lexis Nexis	Local Government Library +Box+CD 3ED	R	1 502.98	Only publisher for specific series of local government library
SE Lauterbach & Associates	Cadastral Boundary disputes-Phase A Madadeni Section K	R	34 600.00	Special survey work done within 50km radius
Bigger Than life Entertainment	6th Annual Siyabonga Nkosi Challenge Cup-organisation	R	298 500.00	Municipal sponsorship to facilitate Community Outreach Programme
Lihlikhono Community Development	6th Annual Siyabonga Nkosi Challenge Cup-supply awards	R	77 000.00	Municipal sponsorship to facilitate Community Outreach Programme
M-Charlie Trading Enterprise	Sound System ,generator,tent and transport	R	20 500.00	Meeting arranged urgently -community burned down Hall in Charles town
LAPPIES Cleaning Services	Extraction of water from carpets in offices	R	1 200.00	Carpets soaked with water -service provider sourced in emergency
K.Jadwat	Halaal Meals for Mayor-Exco Consultation Meeting	R	340.00	Special Meals solicited from service provider
Ndimba's Transportation	Hire of Sound system & roving microphones	R	8 000.00	Service provider sourced in emergency for Special Council Chamber Meeting
Xtec Copicentre	Printing of agenda's for EXCO & Council meetings	R	15 528.00	Printing room copy machine breakdown-service provider sourced in emergency
VH Consulting (Pty)Ltd	Training of Employees:Artisan development Programme	R	102 600.00	Accredited and NQF level 3 Training provider for specialised skill training
Sizabantu Driving School	Training of Employees:Driver development Programme	R	65 400.00	Only Feasible Training provider for Code 14 in Newcastle Municipal Area
TMT Services & Suppliers (Pty) Ltd	Training of Employees:Traffic Development Programme	R	78 204.00	Sole service provider of this type of training in South Africa
Farad (Pty) Ltd	Relay ripple R03-01 Geyser control without real time clock	R	82 650.00	Sole supplier of specialised electrical equipment
Bell Equipment Sales SA (Pty) Ltd	Repairs to Bomag Fuel & Filter Element pump	R	22 555.18	Sole Agent & service provider of specialised equipment
3 S Media (Pty) Ltd	Subscription of IMIESA and Resource Journals	R	675.00	Only Publisher and supplier of specialised journals
Nashua Maluti	Toner for Fax machine 1265	R	1 710.00	Sole supplier and Manufacturer of office machine
P.G.Kumlehn	Collection of Africana Book-Anglo Zulu & Boer War	R	3 270.00	Special Historical collection of Books
Voltex Newcastle	Cables for the installation of CC Cameras	R	21 443.40	Only supplier in Newcastle for specialised cables
Humidair CC	1110690 Hygrostat Condair H4 SU	R	2 237.80	Sole supplier and manufacturer of equipment
Klornac Engineering CC	70KG Chlorine Liquid Gas	R	15 685.49	Only certified Distributor & Supplier for NCP of specialised chemical
Genesis Plumbing II CC	Plumbing Repairs to Toilets in Nedbank Building	R	6 245.00	Extension of scope of work
Ezwenni Electrification & Trading cc	Repairs & Maintenance of Electrical fence & Energiser	R	94 712.94	Extension of scope of work-increase in material costs
SE Lauterbach & Associates	Cadastral Boundary disputes-Phase B Madadeni Section K	R	68 400.00	Special survey work done within 50km radius



SECTION 16 DEVIATIONS APPROVED BY THE SUPPLY CHAIN MANAGEMENT UNIT : APPENDIX F2

Supplier	Item Description	Value	Reason(s)
Oasis Water	Water	R 2 320.00	Requested quotations from 3 suppliers and 2 responded
M VAN Niekerk	Catering	R 750.00	Requested quotations from 3 suppliers and 1 responded
Bonanza	Extension cord	R 178.00	Requested quotations from 4 suppliers and 2 responded
Posh Nosh	Catering	R 1 950.00	Requested quotations from 3 suppliers and 1 responded
Siyakhohwa Womens Trad	Catering	R 5 280.00	Requested quotations from 4 suppliers and 1 responded
Paper House	Banners & Stickers	R 1 620.00	Requested quotations from 3 suppliers and 2 responded
Newfood trading cc	Catering	R 3 355.00	Requested quotations from 3 suppliers and 1 responded
Avaan Water	Water	R 550.00	Requested quotations from 3 suppliers and 1 responded
Lokothwayo Trading	Pebbles	R 5 880.00	Requested quotations from 5 suppliers and 1 responded
Trevor Smith	Protective Clothing	R 5 425.40	Requested quotations from 5 suppliers and 1 responded
Jadwats Cycle store	Gas	R 3 744.75	Requested quotations from 4 suppliers and 2 responded
Print inn	Printing Cards	R 456.00	Requested quotations from 3 suppliers and 1 responded
Waltons Stationary	Boxes	R 1 864.28	Requested quotations from 5 suppliers and 1 responded
Waltons Stationary	Numbering Machine	R 383.27	Requested quotations from 5 suppliers and 1 responded
Nashua	Stock Item	R 712.50	Requested quotations from 5 suppliers and 1 responded
Fondy Trading	Catering	R 3 675.00	Requested quotations from 4 suppliers and 1 responded
M-Charlie trading	Catering	R 8 000.00	Requested quotations from 7 suppliers and 1 responded
Paper House	T-Shirts	R 6 783.00	Requested quotations from 3 suppliers and 1 responded
Sibabalwe Promotions	Sound system	R 5 500.00	Requested quotations from 5 suppliers and 1 responded
Nomajoyini Trading Cc	Catering	R 6 000.00	Requested quotations from 3 suppliers and 1 responded
Posh Nosh	Catering	R 7 700.00	Requested quotations from 3 suppliers and 1 responded
Ntozami trading cc	Catering	R 1 200.00	Due to an emergency we could not source 3 quotations
Pretoria Book Binders	law Reports	R 3 420.00	The 2 quotations were received from the 2 providers in Newcastle
Posh Nosh	Catering	R 8 500.00	Requested quotations from 3 suppliers and 1 responded
Posh Nosh	Catering	R 1 600.00	Requested quotations from 3 suppliers and 1 responded
Posh Nosh	Catering	R 1 700.00	Requested quotations from 3 suppliers and 2 responded
Posh Nosh	Catering	R 1 090.00	Requested quotations from 3 suppliers and 1 responded
Posh Nosh	Catering	R 1 824.00	Requested quotations from 3 suppliers and 1 responded
S & M way Radio	Radio Batteries	R 3 819.00	Requested quotations from 3 suppliers and 1 responded
Slagcrete	Walk behind roller	R 114.00	Requested quotations from 3 suppliers and 2 responded
Newcastle Tile & hardware	Building Material	R 1 020.00	Requested quotations from 3 suppliers and 2 responded

Jadwats Cycle Store	Kettle	R	512.72	Requested quotations from 4 suppliers and 2 responded
Don Gresswell	plastic	R	6 382.29	Requested quotations from 3 suppliers and 2 responded
VIP Lubes	Oil	R	7 000.01	Requested quotations from 3 suppliers and 2 responded
Carnegie Art Gallery	Snacks	R	1 200.00	Due to an emergency we could not source 3 quotations
Paruks' Hardware W/s	Tools	R	8 980.00	Requested quotations from 4 suppliers and 1 responded
Newcastle mills	Fertilizer	R	1 903.00	Requested quotations from 3 suppliers and 1 responded
Zero Tolerance	Fire-fighting equipment	R	1 675.80	The 2 quotations were received from the 2 providers in Newcastle
Print Inn	Posters	R	3 442.80	Requested quotations from 3 suppliers and 2 responded
Newcastle Office Shop	Stationery	R	1 783.52	Requested quotations from 4 suppliers and 1 responded
Northern Natal Orthopaedics	Miami Lumbar	R	2 351.43	The 2 quotations were requested from the 2 providers in Newcastle
North City W/S	fabric softner	R	649.50	Requested quotations from 3 suppliers and 2 responded
Roadshow Express Cc	Buses(analoga)	R	7 000.00	Requested quotations from 3 suppliers and 1 responded
Print Inn	Reservation Books	R	1 482.00	Requested quotations from 4 suppliers and 2 responded
TrevorSmith	Protetive Clothing	R	9 693.00	Requested quotations from 4 suppliers and 2 responded
Kinno's Maquee & tent hire	Tent /tables	R	2 900.00	Requested quotations from 3 suppliers and 2 responded
Jadwats Cycle Store	stores stock	R	4 545.50	Requested quotations from 9 suppliers and 2 responded
Newcastle Tile & hardware	stores stock	R	6 770.00	Requested quotations from 9suppliers and 2 responded
Config systems	Catridges	R	6 896.00	Requested quotations from 3 suppliers and 1 responded
Nikki press	stores stockB140404	R	5 500.00	Requested quotations from 3 suppliers and 2 responded
Zero Tolerance	Fire-fighting equipment	R	-	The 2 quotations were received from the 2 providers in Newcastle
North City W/S	Cleaning Material	R	723.38	Requested quotations from 3 suppliers and 2 responded
Print Inn	Banners+Cloths	R	2 964.00	Requested quotations from 4 suppliers and 2 responded
Posh Nosh	Catering	R	1 120.00	Requested quotations from 3 suppliers and 1 responded
M VAN Niekerk	Catering	R	950.00	Requested quotations from 3 suppliers and 2 responded
Nomajoyini	Catering	R	900.00	Requested quotations from 4 suppliers and 1 responded
Pitolo Trading	Catering	R	8 000.00	Requested quotations from 4 suppliers and 2 responded
M M Dyasi	Tlb Plant Hire	R	250.00	Requested quotations from 3 suppliers and 1 responded
Mica Hardware	Tools	R	1 528.50	Requested quotations from 5 suppliers and 1 responded
Newcom Fencing	Concrete fencing	R	740.00	The 2 quotations were requested from the 2 providers in Newcastle
P C Holliday	Town Hall Clock	R	520.00	Requested quotations from 3 suppliers and 2 responded
Newcastle Office Shop	Batteries	R	1 014.60	Requested quotations from 4 suppliers and 2 responded
Construction & Cutting	Chainsaw oil	R	218.00	Requested quotations from 3 suppliers and 2 responded
Top Part	Store Stock Item	R	1 999.56	Requested quotations from 4 suppliers and 1 responded
Trevor Smith Sport	Store Stock Item	R	1 247.50	Requested quotations from 4 suppliers and 2 responded
Nikki Press	Store Stock Item	R	5 500.00	Requested quotations from 5 suppliers and 1 responded
N/C Master Locksmith	Key Cabinet	R	285.00	The 2 quotations were requested from the 2 providers in Newcastle
Waltons Stationers	Stationery	R	1 389.10	Requested quotations from 4 suppliers and 2 responded

River Queen Trading 216 cc	Catering	R	4 400.00	Requested quotations from 3 suppliers, only 1 responded
M VAN Niekerk	Catering	R	750.00	Due to an emergency we could not source 3 quotations
Amajuba Caterers & Decoration CC	Catering-Fire Fighting Training	R	7 400.00	Requested quotations from 5 suppliers and 2 responded in time
Ngawela Trading CC	Catering-Registry Course	R	9 828.00	Requested quotations from 4 suppliers and 1 responded
Normajoyini Trading CC	Still Water	R	3 600.00	Requested quotations from 3 suppliers and 2 responded
Zero Tolerance Fire CC	Fire Fighting Training	R	3 921.60	Only 2 known service providers in Newcastle
Mainsys CC	Spindle CD's	R	485.00	Requested quotations from 3 suppliers and 2 responded
Waltons Stationery Co (PTY) LTD	Printer Ink Cartridges	R	1 400.07	Requested quotations from 3 suppliers and 2 responded
Config Systems	UPS Batteries	R	560.00	Requested quotations from 3 suppliers and 2 responded
Newcastle Appliance Centre	Tools	R	9 149.45	Requested quotations from 5 suppliers and 1 responded
Newcastle Appliance Centre	Drilling Tools	R	1 035.50	Requested quotations from 5 suppliers and 1 responded
Newcastle Appliance Centre	Street Tools	R	10 836.80	Requested quotations from 5 suppliers and 1 responded
Newcastle Appliance Centre	Baby Drill	R	409.95	Requested quotations from 5 suppliers and 1 responded
Newcastle Appliance Centre	Drill	R	1 594.90	Requested quotations from 5 suppliers and 1 responded
Newcastle Appliance Centre	Baby Grinder	R	499.95	Requested quotations from 5 suppliers and 1 responded
M.V. Mavimbela	Hire of 2 x 6m3 Tipp Truck	R	32 000.00	Requested quotations from 3 suppliers and 2 responded -Rate per hour
M.V. Mavimbela	Hire of 2 x 6m3 Tipp Truck	R	32 000.00	Requested quotations from 3 suppliers and 2 responded -Rate per hour
Davito Trading CC	Hire of 10 000 LT Water Tanker	R	36 800.00	Requested quotations from 3 suppliers and 1 responded -Rate per hour
M & M Dyasi Construction CC	Hire of Smooth Drum Rollers	R	41 600.00	Requested quotations from 3 suppliers and 2 responded -Rate per hour
Dan Poulten	Hire of 2 x 6m3 Tipp Truck	R	32 800.00	Requested quotations from 4 suppliers and 2 responded -Rate per hour
Dan Poulten	Hire of 2 x 6m3 Tipp Truck	R	32 800.00	Requested quotations from 4 suppliers and 2 responded -Rate per hour
Waltons Stationery Co (PTY) LTD	Staples & CD's	R	405.41	Requested quotations from 4 suppliers and 2 responded
Newcon Precast Fending	Precast Slabs and Poles	R	1 850.00	Requested quotations from 3 suppliers and 1 responded
Ncebamahle Trading CC	Catering for Portfolio Meeting	R	2 310.00	Requested quotations from 4 suppliers and 1 responded - fax line was faulty
Valinor Trading 314 CC	Supply and Fit carpets and Blinds	R	5 081.00	Requested quotations from 4 suppliers and 2 responded
P.C.Holiday P032	Maintenance of Town Hall Clock	R	550.00	Requested quotations from 3 suppliers and 1 responded
Energy and Health	Protective Black Shoes	R	685.00	Requested quotations from 3 suppliers and 1 responded
Chetty's Auto Repairs & Towing ser	Transport of Oxwagon-Heitage Fun	R	2 850.00	requested quotations from suppliers and 1 responded to assist on Sunday afternoon
P.C.Holiday P032	Maintenance of Town Hall Clock	R	550.00	Requested quotations from 3 suppliers and 1 responded
Bearing International	1.5M P.T.O Drive Shaft	R	23 940.00	Requested quotations from 3 suppliers and 2 responded
Frame It	Framing of Artwork	R	1 700.00	Requested quotations from 3 suppliers and 1 responded
Zero Tolerance Fire CC	Service Fire Extenguishers	R	159.60	Requested quotations from 2 suppliers and 2 responded
Pest Control Specialists	Treatment For Cockroaches	R	912.00	Requested quotations from 3 suppliers and 2 responded
Sanco Industrial & Safety	Welding Gloves	R	422.71	Requested quotations from 5 suppliers and 2 responded
Top Parts	Grease and Mutton Cloth	R	9 367.84	Requested quotations from 5 suppliers and 1 responded
Newcastle Glass & Aluminium	Toughened Glass	R	1 800.00	Requested quotations from 3 suppliers and 2 responded
Posh Nosh	Catering-ODETDP	R	7 400.00	Requested quotations from 4 suppliers and 2 responded



Luphephe Trading CC	Catering-2 days for 25-26/10/2011	R	2 400.00	Requested quotations from 4 suppliers and 1 responded
Guzeni Constructors	Catering-Breakfast and lunch	R	5 140.00	Requested quotations from 5 suppliers and 2 responded
Shubhuba Trading and Project	Catering-ODETDP for 2 Days	R	2 625.00	Only 2 known service providers in Newcastle
Dynamo-Duck Trading & Project	Catering for HR Strategic Plan	R	5 900.00	Requested quotations by email from 4 suppliers and 1 responded
Avaan Waterwise CC	Bottled Water	R	82.50	Requested quotations from 3 suppliers and 2 responded
Battery Centre	6/8 Battery	R	620.00	Requested quotations from 3 suppliers and 2 responded
Akwanda Ntuma contractors	Tea/Coffee/Sandwiches	R	375.00	Requested quotations from 1 supplier verbally for urgent Boardroom Meeting
Construction & Cutting	Cone for Makita Router	R	283.86	Sole supplier and agent for spare parts
Sicuro Safety CC	Wooden Clog Safety Shoe	R	1 600.00	Requested quotations from 5 suppliers and 2 responded
Newcon Precast Fencing	Precast Poles and Plain Slab	R	8 920.00	Requested quotations from 3 suppliers and 1 had both poles and slab available
M & M Dyasi Construction CC	Plant Hire walk Behind Roller	R	13 800.00	Requested quotations from 3 suppliers and 1 responded
Jadwats Cycle Store	4x10 Way Multi Adaptor-No Switch	R	1 199.00	Requested quotations from 5 suppliers and 2 responded
Davito Trading CC	Plant Hire Water Tanker	R	25 000.00	Requested quotations from 6 suppliers and 2 responded
Voltex Newcastle	6m Square Tube(50x50)	R	612.51	Requested quotations from 4 suppliers and 2 responded
SEMR Security Services	Repairs & Maintenance of Alarm Sy	R	6 350.00	Requested quotations from 4 suppliers and 1 responded
S & M 2 Way Radios CC	Original Kenwood Batteries TK 2306	R	2 291.40	Requested quotations from 3 suppliers and 1 responded
Chicken Licken	Catering-Cleaning campaign	R	2 252.00	Requested quotations from 3 suppliers and 2 responded
Nashua Maluti	Stationery	R	2 085.35	Requested quotations from 4 suppliers and 2 responded
Nashua Maluti	Stationery	R	1 639.70	Requested quotations from 4 suppliers and 2 responded
Gonna Print	Sign Board	R	3 363.00	Requested quotations from 6 suppliers and 1 responded
PC Holiday	Maintenance of Town Hall Clock	R	550.00	Requested quotations from 3 suppliers and 1 responded
BMG Newcastle	Bolts & Nuts	R	119.70	Requested quotations from 3 suppliers and 1 responded
Laws Photographic CC	Development of Film	R	9 918.00	Requested quotations from 3 suppliers and 1 responded
Jadwats Cycle Store	48kg Gas	R	7 980.00	Requested quotations from 3 suppliers and 1 responded
Zero Tolerance Fire CC	Refill fire Extinguishers	R	923.40	Only 2 known service providers in Newcastle
Cosmos	Holiday Programme Items	R	481.11	Requested quotations from 3 suppliers and 1 responded
Newcastle Mills	Animal Food	R	4 894.00	Requested quotations from 3 suppliers and 2 responded
Newcastle Office Shop PTY LTD	Stationery	R	232.07	Requested quotations from 5 suppliers and 2 responded
Newcastle Office Shop PTY LTD	Stationery	R	2 059.10	Requested quotations from 5 suppliers and 2 responded
Buffallo Group	Stationery	R	989.00	Requested quotations from 5 suppliers and 2 responded
Midas Auto Spares	5lit Two Stroke oil	R	2 169.00	Requested quotations from 4 suppliers and 2 responded
Paper House	Store Stock Items	R	5 440.00	Requested quotations from 6 suppliers and 2 responded
Paper House	Stationery	R	4 606.00	Requested quotations from 6 suppliers and 2 responded
Oasis Water Newcastle	bottled Water-W/Committee Inaugu	R	1 292.50	Requested quotations from 3 suppliers and 2 responded
Gonna Print	Certificate & Name Tags-W/Commit	R	9 920.00	Requested quotations from 5 suppliers and 1 responded
Posh Nosh	Coffee/Tea & Muffins	R	1 625.00	Requested quotations from 6 suppliers and 1 responded- inadequate time for response
Avaan Waterwise CC	Bottled Water	R	1 475.00	Requested quotations from 3 suppliers and 2 responded

Ngawela Trading CC	Decoration-W/Committee Inauguration	R	7 770.00	Requested quotations from 4 suppliers and 2 responded
Gonna Print	Name Tags/Sign Board and flags	R	5 836.80	Requested quotations from 3 suppliers and 2 responded of which 1 had incorrect quote
Games Discount World	Christmas Decorations	R	3 661.52	Requested quotations from 4 suppliers and 1 responded
Paper House	Lanyards with Pouch (120)	R	1 800.00	Requested quotations from 5 suppliers and 2 responded
Paper House	Toughened Glass(240) Aids day	R	3 600.00	Requested quotations from 5 suppliers and 2 responded
Zero Tolerance Fire CC	Equipment for basic Fire Fighting Training	R	3 762.00	Requested quotations from only 2 service providers in Newcastle and both responded
Siyakhohwa Woman's Trading CC	Catering for 10 for ODETPD -5/12/1	R	1 930.00	Requested quotations from 4 suppliers and 2 responded
Kings Liquor Store	Xmas Party	R	4 322.34	Requested quotations from 3 suppliers and 2 responded
North City Wholesalers	Clir Shunmugam & Speakers offices	R	1 795.32	Requested quotations from 4 suppliers and 2 responded
North City Wholesalers	Clir Shunmugam & Speakers offices	R	861.24	Requested quotations from 4 suppliers and 2 responded
Fondy Trading CC	Catering for MFMP-4 day Course	R	10 640.00	Requested quotations from 5 suppliers and 1 responded
Avaan Waterwise CC	Bottled Water for Training	R	885.00	Requested quotations from 3 suppliers and 2 responded
Newcastle Office Shop	Stationery	R	2 467.88	Requested quotations from 5 suppliers and 1 responded
Posh Nosh	Snacks for Special EXCO Meeting	R	1 200.00	Requested quotations from 4 suppliers and 1 responded
Sanco Industrial & Safety	Kidney Belt	R	311.00	Requested quotations from 4 suppliers and 1 responded
Davito Trading CC	Plant Hire Water Tanker	R	18 400.00	Requested quotations from 4 suppliers and 1 responded
Afrox	Oxygen & Acetelene Gas	R	901.46	Requested quotations from 2 suppliers and 1 responded
JJ Odendaal	Provision of Sound At Fort Amiel Museum	R	2 150.00	Requested quotations from 3 suppliers and 1 responded
Value City	Board games for Children's library	R	654.85	Requested verbal quotations from 3 suppliers and 1 responded
Cosmos	Mini Grip Zip Bags	R	389.70	Requested telephonic quotations from 3 suppliers and 2 responded
Construction Cutting & Machine	5lt Chainsaw Oil	R	1 090.00	Requested telephonic quotations from 3 suppliers and 2 responded
P C Holiday	Maintenance of Town hall Clock	R	550.00	Requested telephonic quotations from 3 suppliers and 1 responded
Jadwats Cycle Store	Store Stock items	R	6 137.00	Requested quotations from 9 suppliers and 2 responded
Del-Nex Plumbing Supplies	Store Stock items	R	2 650.00	Requested quotations from 9 suppliers and 2 responded
Fentons engineering Supplies	Store Stock items	R	300.00	Requested quotations from 9 suppliers and 2 responded
Del-Nex Plumbing Supplies	Store Stock items	R	1 065.00	Requested quotations from 9 suppliers and 2 responded
Baal Pekazim Trading & Projects	Function for Physically Challenged	R	3 640.00	Requested quotations from 4 suppliers and 1 responded
Thandamphakathi Trading	Catering for Committee Operations	R	2 260.00	Requested quotations from 3 suppliers and 2 responded
Majuba Glass	Repairing window panes at Town Hall	R	325.00	Due to bad weather and urgency 3 quotations could not be obtained
Lexis nexis	Local Government Act 3rd Edition	R	2 575.85	Only 2 suppliers can provide the books
Sanco industrial & Safety	Wooden Clog Shoes	R	1 103.52	Requested quotations from 3 suppliers and 2 responded
Arends Contractors	Hiring of TLB Machine with operator	R	29 400.00	Requested quotations from 4 suppliers and 2 responded
P.C.Holiday	Maintenance of Town Hall Clock	R	550.00	Requested quotations from 5 suppliers and 1 responded
Fenton's engineering	Pool Equipment	R	2 560.80	Sole supplier of equipment in Newcastle
Quick Serve	Cutting of keys	R	255.00	Only 2 suppliers of cut keys in Newcastle
Safari & Combat arms	Bikin Broadbelt Holster	R	5 250.00	Requested quotations from 5 suppliers and 1 responded
Cosmos	Stores Stock item	R	3 304.94	Requested quotations from 6 suppliers and 2 responded

TCC Chemicals	Stores Stock Item	R	9 360.00	Requested quotations from 6 suppliers and 1 responded
Adv product Technology	Capacitors	R	498.00	Requested quotations from 2 suppliers and 1 responded
Top Parts	5lt Anti-freeze	R	1 482.00	Requested quotations from 9 suppliers and 1 responded
Zero Tolerance Fire CC	Service To Fire Extinguishers & Hos	R	519.84	Requested quotations from 3 suppliers and 2 responded
Zero Tolerance Fire CC	Service To Fire Extinguishers & Hos	R	2 258.34	Requested quotations from 3 suppliers and 2 responded
Paper House	Cord lanyard with pouch	R	3 000.00	Requested quotations from 4 suppliers and 2 responded
Avaan Waterwise CC	500ml Water Bottles	R	295.00	Requested quotations from 3 suppliers and 2 responded
Posh Nosh	Catering for Special EXCO meeting	R	2 700.00	Requested quotations from 4 suppliers and 1 responded
Mainsys	Cartridges	R	690.48	Requested quotations from 3 suppliers and 2 responded
Ka Shayi trading enterprise	PA System for Memorial service 1.2	R	1 500.00	Requested quotations telephonically from 2 known service providers due to short notice
Oasis Water	Bottled water for council purposes	R	849.60	Requested quotations from 3 suppliers and 2 responded
Majuba caterers	catering for 5 days 20-29/2/12	R	9 800.00	Requested quotations from 5 suppliers and 1 responded
Avaan Water	Bottled Water	R	1 475.00	Requested quotations verbally from 3 suppliers and 2 responded
Ka Shayi trading enterprise	PA System for Memorial service 26.	R	1 500.00	Requested quotations telephonically from 2 known service providers due to short notice
Nashua	Stationery	R	1 275.09	Requested quotations from 3 suppliers and 2 responded
Amajuba caterers & Decorates	Finger lunch for IEMAS information	R	1 400.00	Requested quotation from 1 known supplier due to short notice received
Paruks Hardware Wholesalers	Tools	R	5 253.85	Requested quotations from 4 suppliers and 1 responded
Macsteel Trading	Steel	R	7 375.23	Requested quotations from 4 suppliers and 2 responded
Valinor Trading 314 cc	Uphostering of office chairs	R	3 990.00	Requested quotations from 3 suppliers and 1 responded
Paper House	Blue water bottle	R	3 562.50	Requested quotations from 3 suppliers and 2 responded
Gonna Print	Blue base ball caps	R	9 125.00	Requested quotations from 3 suppliers and 2 responded
Print Inn	Reflective vinyl signs for fire engine	R	963.30	Requested quotations from 3 suppliers and 1 responded
Security & Style CC	Security Door	R	1 200.00	Requested quotations telephonically from 3 suppliers and 2 responded
North City Wholesalers	Refreshments for fire fighters on call	R	1 898.56	Requested quotations from 3 suppliers and 1 responded
Config Systems	Cartridges	R	820.00	Requested quotations from 4 suppliers and 2 responded
Bonanza	Metal reel 30m Extension Cord	R	575.00	Requested quotations from 3 suppliers and 1 responded
Baffalo group	Keyboard	R	370.00	Requested quotations from 4 suppliers and 2 responded
newcastle Office shop	3 pin adaptors	R	270.29	Requested quotations from 4 suppliers and 2 responded
JR Repairs & Services	Repairs to microwave oven and urn	R	1 000.00	Requested quotations from 1 known supplier as extra costs are entailed to assess appliance
Construction & cutting Machines	Road marking crayons	R	1 030.50	Requested quotations from 3 suppliers and 1 responded
Newcastle Mills CC	Dog food	R	5 016.00	Requested quotations from 5 suppliers and 1 responded
Value city	Black and colour cartridges	R	6 140.00	Requested quotations from 4 suppliers and 2 responded
Paper House	Mirror with sandblasting,g/fframing &	R	1 710.00	Requested quotations from 4 suppliers and 2 responded
North City Wholesalers	airoma and domestos aerosol	R	1 659.40	Requested quotations from 3 suppliers and 1 responded
Config Systems	Printer	R	4 195.00	Requested quotations from 3 suppliers and 2 responded
Bobcorn Trading & Trading	Catering for Bid Committee workshop	R	2 100.00	Requested quotation from 1 supplier as SCMU was informed on the day of the EXCO workshop
Voltex Newcastle	Store Stock	R	3 830.40	Requested quotations from 9 suppliers and 2 responded

Majuba Glass & Aluminium	Replace glass -Arbour heights	R	675.00	Requested quotations from 3 suppliers and 2 responded
Majuba Glass & Aluminium	Replace glass - 32 Magnolia Sreet	R	675.00	Requested quotations from 3 suppliers and 2 responded
Majuba Glass & Aluminium	Replace glass-Staff Flat	R	225.00	Requested quotations from 3 suppliers and 2 responded
Majuba Glass & Aluminium	Replace glass-Staff Flat	R	400.00	Requested quotations from 3 suppliers and 2 responded
Majuba Glass & Aluminium	Replace foyer glass- Arbor Heights	R	350.00	Requested quotations from 3 suppliers and 2 responded
Xtreme Security	Supply & Install razor wire -21 van r	R	2 275.00	Requested quotations from 3 suppliers and 2 responded
Xtreme Security	Supply & Install razor wire -staff flats	R	1 885.00	Requested quotations from 3 suppliers and 2 responded
S & m two way radios	icom accessories	R	2 445.50	Requested quotations from 3 suppliers and 1 responded
Oasis	Water	R	885.00	Requested quotations from 2 known suppliers and both responded
Bonanza	Plugs for the Mayors Office	R	1 440.00	Requested quotations from 3 suppliers and 1 responded
Posh Nosh	Meals for special council meeting	R	9 525.00	Requested quotations from 3 suppliers and 1 responded
Ka Shayi trading enterprise	PA sound to host memorial service	R	1 500.00	Requested quotations telephonically from 2 service providers due to short notice
La Gratitude	catering EXCO meeting	R	2 850.00	Requested quotations from 4 suppliers and 1 responded
Bobcon	Catering for special EXCO 16.3.12	R	3 000.00	Requested quotations from 6 suppliers and 1 responded
Lappies Cleaning Services	Cleaning of office carpets-valuation	R	960.00	Requested telephonic quotations from 3 suppliers and 2 responded
Mainsys	Printer Cartridges	R	774.00	Requested quotations from 3 suppliers and 2 responded
Oasis	500ml Bottled Still Water	R	1 820.00	Requested quotations from 3 suppliers and 2 responded
Paruks Hardware Wholesalers	Material required for built inn cupbo	R	1 861.50	Requested quotations personally and only 1 had the specific materials as required
Newcastle Tile & Hardware	Material required for built inn cupbo	R	3 612.50	Requested quotations from 3 suppliers and 1 responded with correct material as required
Afrox	Tools	R	4 442.67	Requested quotations from 3 suppliers and 1 responded
Anchor Nursery	Seeds for Parks	R	7 500.00	Requested quotations from 3 suppliers and 1 responded
Cosmos	Polystyrene sheets,refuse bags.mas	R	1 230.70	Requested quotations from 3 suppliers and 1 responded
North City Wholesalers	Refreshments for library week made	R	1 261.86	Requested quotations from 4 suppliers and 1 responded
Birthday Bizarre	Helium balloons	R	489.65	Telephone enquiries revealed that this service provider is the only source in newcastle
Bonanza	Supply of track lights	R	1 220.00	Requested quotations from 3 suppliers and 2 responded
Home Fix	repair of Bar fridge & compressor @	R	2 835.13	Not feasible to request quotations as a strip fee is charged by service providers to assess repair
Home Fix	repair of beverage cooler& thermost	R	335.00	Not feasible to request quotations as a strip fee is charged by service providers to assess repair
Home Fix	repair of beverage cooler& compres	R	2 514.22	Not feasible to request quotations as a strip fee is charged by service providers to assess repair
Home Fix	repair of Beverage cooler -town hall	R	950.00	Not feasible to request quotations as a strip fee is charged by service providers to assess repair
Waltons	Stationery	R	385.00	Requested quotations from 3 suppliers and 2 responded
Kinnos	Marquee,chais & sound for National	R	4 800.00	Requested quotations from 3 suppliers and 1 responded
Don Gresswell	Book Plastics	R	9 565.85	Requested quotations from 3 suppliers and 1 responded
Waltons	Extension cord	R	815.14	Requested quotations from 3 suppliers and 2 responded
Waltons	Stationery	R	407.17	Requested quotations from 3 suppliers and 2 responded
Newcastle Office shop	Stationery	R	232.69	Requested quotations from 3 suppliers and 2 responded
Newcastle Office shop	Stationery	R	616.51	Requested quotations from 3 suppliers and 2 responded
Oasis	bottled water for special programme	R	885.00	Requested quotations from 2 known suppliers and both responded



Serhea Picture Frames	Framing of AO banner	F	1 290.00	Requested quotations from 3 suppliers and 2 responded
Thandwakazi Trading & Projects	PA sound System -Memorial Service	F	1 500.00	Due to short notice Service provider confirmed by phone just in time
Posh nosh	Catering for EXCO & NEMPAC 20/21	F	5 350.00	Requested quotations from 7 suppliers and 1 responded
Ngawela trading	Catering for Cherry Picker course	F	2 424.00	Requested quotations from 4 suppliers and 2 responded
Security & Style	Repairs to roller shutter door @ farm	F	2 109.00	Requested quotation on short notice
CT Lab	1 Part serial device server	F	5 449.02	Requested telephonic quotations from 3 suppliers and 1 responded
Sparks & Ellis Uniforms	Viper Bootside Zip carbon toe-black	F	1 926.60	Requested quotations from 3 suppliers telephonically and 2 responded
Centrum Pharmacy	Tablets for First aid box	F	1 111.87	Requested quotations from 4 suppliers and 1 responded
Waltons	140L.T Garbage Wheelie Bin	F	396.24	Requested quotations from 4 suppliers and 2 responded
Waltons	Stationery	F	1 725.99	Requested quotations from 4 suppliers and 2 responded
Newcastle Office Shop	Stationery	F	1 109.25	Requested quotations from 4 suppliers and 2 responded
Jadwats	48kg Gas	F	1 787.90	Requested quotations from 3 suppliers and 2 responded
Paperhouse	Firema's prayer Sandblasted & Framed	F	1 140.00	Requested quotations from 4 suppliers and 2 responded
Paperhouse	Flags (Traffic Services for Late Mr. N. M. Nkomo)	F	1 060.20	Requested quotations from 3 suppliers and 1 responded
Northern Natal 4x4 Outdoor Centre	Gazebo	F	2 200.00	Requested quotations from 2 known suppliers and both responded
Zero Tolerance Fire CC	Installation & supply of safety signs	F	2 462.40	Requested quotations from 3 suppliers and 2 responded
Newcastle Office Shop	Re-cover 3 visitors chairs in burgun	F	1 119.32	Requested quotations from 4 suppliers and 1 responded
Posh Nosh	Catering for NMPAC meeting	F	2 700.00	Short notice due to miscommunication between SCMU & the end-user department
Bobcon Trading & Projects cc	Catering for MFMP Course 8.9.10/0	F	8 375.00	Requested quotations from 5 suppliers and 2 responded
Posh nosh	Catering for special EXCO meeting-	F	2 500.00	Requested quotations from 7 suppliers and 1 responded
Mbansa Trading	PA sound system-Memorial service	F	2 500.00	Requested only one quotation due to short notice on the part of the end-user department
SRB Suppliers	Catering for Disciplinary Training	F	5 800.00	Requested quotations from 4 suppliers and 2 responded
Mainsys cc	Acer batteries	F	2 292.04	Requested quotations from 3 suppliers and 1 responded
Print Inn	Posters & flyers for childs day	F	3 210.00	Requested quotations from 3 suppliers and 2 responded
Office National	Activity materials for childrens day	F	1 361.86	Requested quotations from 3 suppliers and 1 responded with correct items
Cosmos	Activity materials for childrens day	F	456.33	Requested quotations from 3 suppliers and 1 responded with correct items
Castle Refrigeration Warehouse	18000 btu air conditioner	F	6 441.00	Requested quotations from 3 suppliers and 2 responded
Mainsys cc	HP Ink Cartridges	F	5 026.16	Requested quotations from 4 suppliers and 2 responded
Mainsys cc	HP Black Ink Cartridges	F	2 769.74	Requested quotations from 4 suppliers and 2 responded
Newcastle Office Shop	Brother Cartridges	F	2 678.79	Requested quotations from 4 suppliers and 2 responded
Newcastle Office Shop	Stationery	F	1 353.55	Requested quotations from 4 suppliers and 2 responded
Favourite Stationers	Stationery	F	1 974.72	Requested quotations from 4 suppliers and 2 responded
Mica Power House	Vacuum cleaner	F	850.00	Requested quotations from 4 suppliers and 1 responded
Mica Power House	Vacuum cleaner	F	850.00	Requested quotations from 4 suppliers and 1 responded
Mohameds Midas	Cooler Box	F	445.00	Requested quotations from 3 suppliers and 1 responded
Newcastle Office Shop	Laminator	F	1 146.32	Requested quotations from 3 suppliers and 2 responded
Favourite Stores	Ramie Linen	F	420.00	Requested quotations from 3 suppliers and 2 responded

Fenton's Engineering Supplies	Torches 3 cell Heavy Duty Industrial	R	2 850.00	Requested quotations from 8 suppliers and 2 responded
VIP Lubes	5ft White Paraffin C/W container	R	1 033.80	Requested quotations from 4 suppliers and 2 responded
Paper House	Disconnection of Services Book	R	4 995.00	Requested quotations from 6 suppliers and 2 responded
Waltons	Filing Stationery for Supplier Database	R	3 218.20	Requested verbal quotations and 1 responded with correct items
Gutters International	Remove & Replace gutters and Downpipes	R	5 992.00	Requested quotations from 2 known suppliers and both responded
Gutters International	Remove & Replace gutters and Downpipes	R	8 608.00	Requested quotations from 2 known suppliers and both responded
Newcastle Office Shop	Installation of Notice Boards	R	1 800.00	Requested quotations from 3 suppliers and 2 responded
Parbhoo's Supermarket	Cleaning Materials	R	287.83	Requested quotations from 3 suppliers and 2 responded
Cosmos	Cleaning Materials	R	686.01	Requested quotations from 3 suppliers and 2 responded
Newcon Precast Fencing	Replace 3 main gates	R	5 700.00	Requested quotations from 5 suppliers and 2 responded
Print Inn	Business Cards for House & Land R	R	1 824.00	Requested quotations from 3 suppliers and 1 responded
Paper House	Plastic lanyards with ID pouches	R	684.00	Requested quotations from 4 suppliers and 1 responded
Newcastle Office Shop	Bulletin Board	R	1 476.81	Requested quotations from 4 suppliers and 1 responded
Newcastle Office Shop	Rexel Shredder	R	9 188.40	Requested quotations from 4 suppliers and 1 responded
Budget Printers & Stationers	Repairs to Guillotine Machine	R	6 555.00	Requested quotations verbally from 3 suppliers and 1 responded
Posh Nosh	Catering for special EXCO meeting	R	3 100.00	Requested only one quotation due to short notice on the part of the end-user department
Ndimba's Transportaion	Council Chamber sound system with	R	9 500.00	Requested quotations from 2 known suppliers and 1 responded
Posh Nosh	Catering for Extended Manco meeting	R	6 875.00	Requested quotations from 8 suppliers and 1 responded
Fondy Trading	Catering for NMIPAC meeting	R	2 250.00	Requested quotations from 3 suppliers and 1 responded
Cosmos	Continental Dinner set	R	2 062.20	Requested quotations from 3 suppliers and 1 responded
Lexis Nexis	Local Government Legislation book	R	957.03	Requested quotations from 2 known suppliers and 1 responded
Lexis Nexis	Local Government Legislation book	R	1 095.82	Requested quotations from 2 known suppliers and 1 responded
Lexis Nexis	Local Government Legislation book	R	667.34	Requested quotations from 2 known suppliers and 1 responded
Lexis Nexis	Local Government Legislation book	R	667.34	Requested quotations from 2 known suppliers and 1 responded
Lexis Nexis	Local Government Legislation book	R	67.34	Requested quotations from 2 known suppliers and 1 responded
Lexis Nexis	Local Government Legislation book	R	913.58	Requested quotations from 2 known suppliers and 1 responded
Lexis Nexis	Local Government Legislation book	R	667.34	Requested quotations from 2 known suppliers and 1 responded
Zero Tolerance Fire CC	Annual service of Fire extinguishers	R	319.20	Requested quotations from 3 suppliers and 2 responded
Zero Tolerance Fire CC	Annual service of Fire extinguishers	R	1 043.10	Requested quotations from 3 suppliers and 2 responded
Zero Tolerance Fire CC	Annual service of Fire extinguishers	R	507.30	Requested quotations from 3 suppliers and 2 responded
Zero Tolerance Fire CC	Annual service of Fire extinguishers	R	587.10	Requested quotations from 3 suppliers and 2 responded
Zero Tolerance Fire CC	Annual service of Fire extinguishers	R	359.10	Requested quotations from 3 suppliers and 2 responded
Zero Tolerance Fire CC	Annual service of Fire extinguishers	R	707.94	Requested quotations from 3 suppliers and 2 responded
Zero Tolerance Fire CC	Annual service of Fire extinguishers	R	843.60	Requested quotations from 3 suppliers and 2 responded
Zero Tolerance Fire CC	Annual service of Fire extinguishers	R	980.40	Requested quotations from 3 suppliers and 2 responded
Zero Tolerance Fire CC	Annual service of Fire extinguishers	R	2 029.20	Requested quotations from 3 suppliers and 2 responded
Zero Tolerance Fire CC	Annual service of Fire extinguishers	R	376.20	Requested quotations from 3 suppliers and 2 responded

Zero Tolerance Fire CC	Annual service of Fire extinguishers	R	1 109.22	Requested quotations from 3 suppliers and 2 responded
Zero Tolerance Fire CC	Annual service of Fire extinguishers	R	239.40	Requested quotations from 3 suppliers and 2 responded
Zero Tolerance Fire CC	Annual service of Fire extinguishers	R	119.70	Requested quotations from 3 suppliers and 2 responded
Scott Street Pharmacy	First Aid refill kit	R	999.75	Requested quotations from 4 suppliers and 1 responded
Scaw South Africa (Pty) Ltd	Tirfor Rope and Tie down set	R	3 032.40	Requested quotations verbally from 3 suppliers and 1 responded
Nashua Maluti	Toner Fax 1265 Machine	R	1 710.00	Requested quotations from 4 suppliers and 1 responded
Del-Nex plumbing Supplies	Store Stock item-plumbing material	R	1 725.00	Requested quotations from 8 suppliers and 2 responded
Newcastle Office Shop	Spring Files	R	555.80	Requested quotations from 5 suppliers and 1 responded
Midas Auto spares	500g White Mutton Cloth	R	1 945.00	Requested quotations from 4 suppliers and 2 responded
Top Parts	65mm Exhaust Clamps	R	262.20	Requested quotations from 4 suppliers and 2 responded
Paper House	Envelopes 110x120 Self seal Printe	R	5 130.00	Requested quotations from 6 suppliers and 1 responded
Paper House	Red & Black Stickers worded" Coun	R	792.30	Requested quotations from 6 suppliers and 2 responded
Del-Nex plumbing Supplies	High Speed drill bit-SABS approved	R	50.90	Requested quotations from 8 suppliers and 2 responded
Paper House	Goods Received and Order Requisi	R	3 534.00	Requested quotations from 5 suppliers and 2 responded
Nikki Press & Stationers	3 Fold crest Green Files 240gsm To	R	6 056.00	Requested quotations from 5 suppliers and 2 responded
Jacobs Pype	2500LT Vertical Jojo Tank	R	4 261.32	Requested quotations from 3 suppliers and 1 responded
Deemuch Construction	Storage Shelving at House & land C	R	9 565.00	Requested quotations from 3 suppliers and 1 responded
Cosmos	Glassware and Cutlery	R	8 282.23	Requested quotations from 3 suppliers and 1 responded